



# John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89<sup>TH</sup> ASSEMBLY DISTRICT

## Testimony

### Assembly Bill 525 – Automobile Insurance Coverage

Representative John Nygren

November 24, 2009

Thank you Chair Cullen and members of the Assembly Committee on Insurance for hearing Assembly Bill 525 today. I specifically would like to single out and thank Chair Cullen for having the courage to hold a public hearing on this issue. I know you must be feeling pressure not to hear this bill from your leadership as well as the special interest groups who rammed these changes through in the budget. I commend you for doing the right thing and hearing testimony on Assembly Bill 525 today.

There are numerous pros and cons to the legislation before us today as well as the automobile insurance coverage changes which were included in Wisconsin Act 28. Regrettably those nonfiscal policy changes should not have been included in the budget. If they were not, we could have properly vetted them through the legislative committee process. Also, it would have given the individuals here today a chance to speak to the effects these changes would and are now having on the insurance consumers of Wisconsin.

However, that is water under the bridge as they say and I look forward to working with ALL of my colleagues to remedy this situation so Wisconsin families receive reasonable and affordable automobile insurance coverage.

Prior to the enactment of Act 28, according to the Auto Insurance Report's PAIN index Wisconsin motorists enjoyed the third lowest automobile insurance rates as a percentage of household income in the nation. Also, Wisconsin residents lived with the lowest personal insurance burden in the country.

Prior to the budget passage, minimum auto coverage limits were sufficient to cover over 90 percent of all auto accident claims. The average claims in 2007 were \$16,600 for bodily injury and \$2,500 for property damage. These were easily covered by the previous \$25,000 and \$10,000 minimums.

Prior to the enactment of Act 28, legislators were warned that the coverage changes in the budget would cause insurance premiums to rise. The Wisconsin Insurance Alliance estimated that premiums would rise between 33 and 43 percent. Their approach was backed up as being valid by University of Wisconsin researchers as well as researchers from St. Johns University of New York.

Our constituents have been and will continue to receive letters in the mail from their insurance providers quoting increases in their premiums due to changes that occurred in Wisconsin Act 28 and we should not be surprised and we should not wonder why these increases are occurring. We were warned.

I have included some estimates for average families with my testimony for your review. Additionally, here is a real world example for the committee to think about.

Take a 26 year old, single mother, residing in Milwaukee who drives a 1993 Plymouth Acclaim scraping to get by. She has a non-standard auto insurance policy with liability only. She previously paid \$1177.92 per year to insure her vehicle. Under the new laws, she is forced to pay \$1786.68, an increase of \$608.76 per year or a 52% increase to insure her vehicle.

I have heard from many seniors living on a fixed income such as social security, who did not receive a cost of living increase this year or if they did it was minimal. These changes are increasing the cost of their auto insurance at a time when they can least afford it. These individuals are already being forced to make difficult financial decisions and to add to those burdens by increasing their auto insurance rates during this difficult time is unconscionable.

Motorcyclists are being hit hard because of the changes as well. Because of medical payment coverage changes motorcyclists are now facing upwards of a 550 percent increase in the premiums they pay. Increasing costs to responsible motorcyclists and motorists will have an effect. Do we as policymakers really think that the number of uninsured drivers will go down because of the changes in Act 28? I think not.

The penalty to drive without insurance is \$500. Many premium increases are higher than \$500 and for sure, annual premium costs will be higher than \$500. Families and individuals are making difficult decisions about whether or not they can afford these added insurance costs. With unemployment in Wisconsin still high and taxes on the rise, many drivers will have to make the hard decision of buying this inflated and expensive insurance or not to carry it at all. This will put more drivers on Wisconsin roads at risk of a financial catastrophe.

Prior to these budget changes, the number of uninsured drivers in Wisconsin hovered around 15 percent. That is just slightly higher than the national average. Prior to the enactment of Act 28, the Legislative Fiscal Bureau stated if these changes were enacted, premiums would be expected to rise and that this may increase the number of uninsured drivers on the road.

During this economic downturn, the last thing any family needs is unnecessary expenses. However, that is exactly what Wisconsin Act 28 does. Wisconsin residents are now required to pay more for higher coverage that they do not need and at the very least they should be able to decide for themselves if they want.

Before I conclude there is some misinformation that I feel I must address that has been used by proponents of the changes in Act 28. First is an explanation of the difference between rates and premiums and why a rate may minimally rise at the same time a policyholders premium may skyrocket.

A rate set by an insurance provider can be compared to the price of a pound of potatoes. If the price per pound is ten cents and a family usually buys five pounds of potatoes a week they would pay 50 cents. This 50 cents is their family's premium. What happened in Wisconsin Act 28 is now families are required

to by ten pounds of potatoes whether they want to or not. Whether the price per pound of potatoes (the rate) changes or not, this family now has to pay one dollar (the premium) for potatoes they may or may not need because of a state mandate.

Another piece of misinformation is the idea that premiums are rising because of insurance company losses in the stock market or because of excessive company profits. This is ridiculous on its face and I am sure you will hear from many insurance providers why during testimony today. I will put it simply; Wisconsin law is now requiring families to buy more "stuff" and for insurance providers to be on the hook for more "liabilities." This "stuff" and these "liabilities" cost money. Because they cost money the question is not if premiums will rise because of these changes, but how could they not?

Another justification being used by supporters of these changes is the fact that these minimums have not been increased since 1982. If the old minimums cover over 90 percent of all claims why would we have raised them? If something is not broke, you don't fix it.

There has been a lot of mud throwing going on between the majority and minority parties regarding this issue and the reasons behind insurance premiums increasing. Let's put that aside and work on behalf of Wisconsin families to reduce their bills. Let's put the special interests aside who I am sure are here to defend or assault the changes included in Wisconsin Act 28 and do what is right for the families of Wisconsin.

This legislation which I am coauthoring with Senator Ellis will reverse many of the automobile coverage changes included in Wisconsin Act 28. Assembly Bill 525 would return the minimum liability limits, uninsured, underinsured and medical payment coverage limits back to what they were before the enactment of the budget. In addition, this legislation would repeal the infamous "stacking" provision.

Mandatory automobile insurance is kept in place because it serves a purpose and can be a benefit to society, but only as long as auto insurance is affordable. My proposal also keeps the requirement that insurance cover hit and run accidents when no contact occurs, but a driver forces another driver off the road causing a crash. I feel this is a common sense change for the better. That is why it is kept in current law under AB 525.

I look forward to working in a bi-partisan effort to ensure Wisconsinites have the ability to purchase affordable and reasonable auto insurance by passing AB 525. Thank you and I would be happy to answer any questions the committee may have at this time.

enclosure

## Premium Examples as result of Budget Mandates

### West Allis married couple

Prior to 11/1	\$1,354
After 11/1/09	<u>\$1511</u>
	+ \$157

### Hartland married couple

Prior to 11/1	\$1344
After 11/1	<u>\$1715</u>
	+ \$371

### Milwaukee single woman age 53

Prior to 11/1	\$1308
After 11/1	<u>\$1404</u>
	+ \$96

### Menomonee Falls family (Mother, Father, Son, Daughter – 4 cars)

Prior to 11/1	\$4022
After 11/1	<u>\$4490</u>
	+468

### Menomonee Falls single man age 26

Prior to 11/1	\$818
After 11/1	<u>\$1059</u>
	+ \$241

### Pewaukee married couple no youth full operators Automobile and Umbrella

Prior to 11/1/09	\$1651
After 11/1	<u>\$2171</u>
	\$520

### Hartland married couple no youth full operators Automobile and Umbrella

Prior to 11/1/09	\$1115
After 11/1	<u>\$1371</u>
	+256

Estimates performed by Zingen & Braun Insurance Agency, Inc.  
Independent Insurance Agents of Wisconsin



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Sean Dilweg, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
E-Mail: [ociinformation@wisconsin.gov](mailto:ociinformation@wisconsin.gov)  
Web Address: [oci.wi.gov](http://oci.wi.gov)

Testimony of  
Sean Dilweg  
Commissioner of Insurance  
On  
Assembly Bill 525

Thank you, Chairman Cullen and Members of the Assembly Insurance Committee, for the opportunity to testify for informational purposes on Assembly Bill 525, relating to automobile insurance coverage limits and proof of financial responsibility.

Assembly Bill 525 proposes to repeal language that was included in Act 28, the state budget. Those changes provided more certainty for consumers by providing a better understanding of what is covered by their auto insurance policy; such as with a common definition of uninsured and underinsured motorist (UIM) coverage.

Wisconsin is fortunate in that we have an open and very competitive insurance market. Currently, more than 200 insurers offer coverage – and that leads to very competitive pricing for all areas of automobile insurance. Additionally, companies set their own rates – not the state – which allows for more healthy competition among insurers. Consumers benefit from this competitive market.

Prior to passage of the budget, Wisconsin did not require a minimum coverage amount. However, for persons required to file under Wisconsin's SR-22 Financial Responsibility Law, those minimum liability limits had not changed for over two decades. In light of significant inflation in medical costs over the past several decades, cost of care in today's market is much higher than it was 20+ years ago. Injured persons who can't recover the cost of their treatment are forced to bear the costs themselves or possibly end up in public programs like Medicare or Medicaid.

Prior to passage of Act 28, Wisconsin was one of two states that did not require mandatory auto insurance. We have all heard horror stories of persons injured in accidents, only to find out the person at fault did not have any insurance. Uninsured motorists cost ALL of us more in motor vehicle insurance rates. Insurance is a matter of risk distribution and the requirement that all Wisconsin drivers have liability coverage will ensure that the risk is distributed as widely as possible so that premiums remain equitable for everyone.

The Legislature spent a considerable amount of time debating the language that was included in the budget. We all know there will need to be refinements made to this law as both the industry and consumers adapt to the changes. However, not all provisions of Act 28 have become effective yet and it could be premature to reverse course from a decision that the legislature made only four months ago. My office will continue to monitor the impact of these changes on the auto insurance market.

Thank you, and I would be happy to answer any questions you may have.

**WISCONSIN STATE ASSEMBLY INSURANCE COMMITTEE**

**TESTIMONY OF PHILIP R. O'CONNOR, PH.D.**

**HEARING ON ASSEMBLY BILL 525 NOVEMBER 24, 2009**

Mr. Chairman and members of the committee, thank you for the opportunity to testify today. My name is Philip R. O'Connor and I am President of PROactive Strategies, a consulting firm in Chicago.

Previously, I served as Director of the Illinois Department of Insurance and prior to that as director of research and urban affairs in the Department.

I will address the ways in which the pricing of private passenger auto insurance relate to coverage mandates such as those included the most recent biennial budget act (2009 Wisconsin Act 28). I am appearing today at the request of State Farm.

While there is a certain complexity to the ways that insurance companies price their products, the fundamentals are quite basic and easy to understand. Unless the price covers the costs of providing the product then an insurer will operate at a loss. Persistent loss-making operation leads ultimately to insolvency and seizure by the State Department of Insurance. It is a simple and obvious truth that if mandated coverage are increased in their scope, then the underlying cost of insurance will increase and therefore prices, that is premiums, will rise compared to what they would have otherwise been.

***Wisconsin's Insurance Market is Competitive***

It is important to note that since the 1960s Wisconsin has been a leader in assuring that the market for auto insurance is competitive. Insurance companies here develop their own rates, even though they can make use of loss data to which many insurers contribute their specific information. One of the benefits of a robust competitive market is that accurate and timely price signals about the impact of expanded coverage mandates will be communicated to policyholders, policy-makers and regulators. That information may be unpleasant but it is important information have.

By its very nature, the competitive insurance pricing system in Wisconsin is one in which the actuaries and senior management of numerous companies are making their own decisions about necessary premium levels. Those that price their products too high will lose policyholders and market share. Those pricing too low will suffer financial loss that will reduce their capital base and ability to grow their firms. Therefore, there is substantial pressure on insurance companies to "get it right."

The recent premium increases you have heard a good deal about reflect a combination of factors. These premium increases have varied considerably across the many auto insurers in Wisconsin. One reason is that the mandated coverages have differing impacts on insurers depending on the design of their

product lines. But more generally, the premium increases are being driven by the need to cover the expected losses that higher minimum coverage and a new mandate for underinsured motorist coverage.

Because we are in Madison, home to both the State Capitol and the University of Wisconsin, I should note that the academic literature is almost unanimous that competitive pricing in insurance is superior to regulated pricing on every dimensions of interest. This is an area in which I have been deeply involved over the years. When I was head of research in the Illinois Department in the late 1970s, I produced one of the first comparisons across all fifty states of impact of rating law types. The findings of others since that time have been pretty consistent in finding that consumers are better off with competitive pricing and that regulated rates provide no benefit and likely cause harm.

### ***Insurance Pricing's Unique Problem***

Insurance has a unique problem compared to other businesses in that the costs of the product of the product are not fully known until well after the product price and provided. Manufacturers, retailers and services of all types are able to reasonably know the costs since the major elements are materials, labor, taxes and the like. While insurance has most of these element in its cost structure, the major cost element is losses. Losses, of course, occur after the policy is sold. Insurers have to estimate what those losses will be.

Future losses are estimated using past loss data, identification of trends in that data and then applying judgment. One of the more complicated aspects of estimating future losses involves estimating the impact of new regulations, such as coverage mandates. To the extent that there is limited past experience with the mandates or with the levels of coverage then there is an element of uncertainty that must be accounted for in the setting of premiums.

It is not known what the level of compliance will be with coverage requirements by previously uninsured motorists. Enforcement in such matters is customarily incomplete and only several years of actual practice will be enough to make more accurate compliance estimates. Further, it is hard to estimate the extent to which litigation will increase. An increased in lawsuits is highly likely but it is hard to determine beforehand how the increase in mandate levels and requirements will attract more lawsuits as well as unexpected judgments.

### ***Investment Income and Insurance Pricing***

Depending on the line of insurance, investment income can be a minor or major factor in setting premiums. Auto insurance, unlike workers compensation or medical malpractice, is a "short-tail" line. Thus, investment income is of only modest significance it relates to offsetting claims losses during the period in which losses are reported, adjusted and paid out is relatively short, except in some of the more severe cases. In my three decades of experience in the field, we have gone through several periods in which the stock, bond or real estate markets have been in distress. These periods tend to be short and



can be violent. However, it is fair to say that from the standpoint of pricing auto insurance, the impact of reductions in investment income has been modest. Rising prices in auto insurance tend to reflect expectations about claims losses.

### ***INSURANCE CAPITAL TO MEET GROWING NEEDS***

Although we have had a contraction in the economy, the economy will grow again and, with it, a growing need for insurance coverage. We buy insurance to protect our own assets and wealth, not that of others. As we accumulate things that need to be protected or grow businesses, employ people, or real estate, the need for insurance increases. Insurance is not a cash-flow business that operates merely on the basis of revenues received and then paid out. The ability of an insurance company to serve increasing demand is a function of having sufficient capital to take the risks associated with accepting premiums and promising to cover future losses.

Insurance companies need to have sufficient capital in securities and other assets acceptable to insurance regulators to guard against uncertainties such as catastrophic events and prices that may have been set too low and are inadequate to compensate for losses. Capital cannot be static if an insurer is to meet growing needs. There is an old insurance rule-of-thumb that points to the need for having one dollar of capital, usually called "surplus" in the insurance world, for every two dollars of premium. This very general and hypothetical ratio can be quite different depending on the nature of an insurer's business and its own philosophy.

The essential point, however, is that when insurers are criticized for earning profits, that criticism is misplaced if it does not take account the need for insurers to earn their cost of capital so as to grow their capital bases in order to accept more premiums dollars in the future as the needs of policyholders increase. Profit is just as necessary in the insurance business as it is in any other. And, since investment capital is infinitely mobile, the inability to earn an insurance profit in a particular state means that capital will not be committed to that state and will flow elsewhere.

### ***THE QUESTION OF MANDATED COVERAGE***

Mandated coverages are not inherently wrong. They can serve important social and economic purposes, workers compensation being a prime example. In the case of auto insurance mandates, there is going to be upward pressure on premiums when limits are increased and when scope of application is expanded. Requiring all drivers to be insured has enormous appeal, due to our sense of fairness and responsibility, there is little reasons to believe that such a mandate will lower costs for others. First, such a mandated does not obviate the purchase of uninsured and underinsured motorist coverage by other policyholders. And to the extent those coverages are mandated then premiums will tend to rise further. Second, such mandates necessarily introduce some additional uncertainty into the pricing calculation, as previously noted. Finally, the additional premium requires an expanded capital base.

## **PHILIP R. O'CONNOR, PH.D.**

Phil O'Connor is President of PROactive Strategies, a Chicago firm providing policy analysis and advice in the insurance and energy industries. From March 2007 to March 2008 he served in the U.S. Embassy in Baghdad, Iraq as an advisor to the Iraqi Ministry of Electricity on behalf of the U.S. Army Corps of Engineers. From mid-1998 until late 2008, he was an executive with Constellation NewEnergy, Inc., the nation's leading provider of competitive retail electricity.

Dr. O'Connor has been recognized as an expert in the use of competition as a regulator of both the insurance and utility industries. He has spoken and written widely on these topics. During his service as Illinois Director of Insurance, 1979-82, Dr. O'Connor chaired the NAIC Task Force that drafted the Model Alternative Open Competition Rating Law covering all property and casualty lines, including workers compensation. Prior to serving as Director he was Deputy Director for Research and Urban Affairs.

Dr. O'Connor's experience in Illinois State Government is extensive. In addition to having worked in the Office of Governor Richard Ogilvie (1969-73), he has been appointed to a variety of boards and commissions by five consecutive Illinois Governors of both parties between 1979 and the present.

From 1983 through 1985, Dr. O'Connor was Chairman of the Illinois Commerce Commission, the utility regulatory body in Illinois, and was an early advocate of competition in telecommunications, natural gas and electricity, all of which have emerged as public policies around the country. After leaving State government, Dr. O'Connor formed Palmer Bellevue Corporation, an energy and insurance consulting firm that became a part of Coopers & Lybrand in 1993. In July 1998, he established the Midwest business of NewEnergy.

Dr. O'Connor has been an expert witness in a variety of significant insurance regulatory matters. He has also frequently testified to state legislative bodies on competitive pricing in the property and casualty and workers compensation markets, and has served on the boards of several U. S. life insurance companies.

During his tenure as Illinois Director of Insurance, Dr. O'Connor chaired the NAIC task force which prepared the model property and casualty competitive rating law and was responsible for securing passage in 1982 of legislation making Illinois the first state to implement competitive pricing in worker's compensation insurance.

Dr. O'Connor has had extensive political experience including service as Political Director of Governor Jim Thompson's successful third-term election campaign in 1982 and as General Chairman of Governor Jim Edgar's successful 1994 re-election campaign. He also was administrative assistant to U.S. Representative George Miller of California in the mid-1970s. He was appointed by three governors as a member of the Illinois State Board of Elections from 1998 to 2004 and served as a member of the Bush-Cheney Transition Advisory Committee on Energy.

A native of California, O'Connor attended the University of San Francisco, the Loyola University of Chicago-Rome Campus of Liberal Arts in Italy, graduated *magna cum laude* from Loyola University of Chicago, and received his Masters and Doctoral degrees in Political Science from Northwestern University.



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**Testimony of Keith R. Clifford  
on behalf of the  
Wisconsin Association for Justice  
before the  
Assembly Insurance Committee  
Rep. David Cullen, Chair**

**2009 Assembly Bill 525  
November 24, 2009**

My name is Keith R. Clifford. I am a partner in the Clifford & Raihala law firm in Madison, Wisconsin and a past president of the Wisconsin Association for Justice. Thank you for the opportunity to testify. I am here today to testify against AB 525, which will undo the recent benefits to insurance consumers the Wisconsin Legislature passed in the 2009 state budget. I am also submitting the testimony of the injured consumers who testified at the public hearings on the state budget but were not able to attend this hearing today.

The ink is barely dry on the legislative changes and already there is an effort to repeal the pro-consumer legislation. It is a rush to judgment.

One reason the provisions were put in place was to help control state spending. It may not be apparent at first glance, but as someone who represents people injured in automobile accidents, it is clear that when people are denied auto insurance coverage, do not have insurance or carry insufficient insurance, the costs are passed onto others, including state taxpayers.

When the automobile insurance companies deny claims, these costs fall onto the health insurance system, both private and government. The result is higher health care premiums for individuals, small businesses and employers. If there is not private health insurance, the costs fall on Medical Assistance or BadgerCare.

The insurance companies have basically admitted that they want to shift costs. According to Deirdre Manna, Property Casualty Insurers' vice president of industry, regulatory and political affairs, "Most drivers have health insurance to cover potential injuries from auto accidents, making mandatory UM/UIM coverage a costly and redundant proposition." In other words, let the health insurers and taxpayers pay the tab first, not the person responsible for causing the accident.

As a matter of fact recent studies have found that auto insurance companies only pay out, on behalf of their injured insureds, around \$.55 of every dollar they collect. This is down from close to \$.70 of

every dollar 15 years ago. Under the current rules they are accumulating giant reserves and still fighting every proposal to make insurance fairer and easier to understand for consumers.

The recent changes help make sure that automobile insurance companies live up to the responsibilities they claim to offer their policyholders. They should not be able to use a variety of anti-consumer policies to pass on the financial responsibility to health insurers and taxpayers.

### **Minimum Coverage**

One of the most important provisions in the Governor's budget is the increase in the minimum liability limits that were set way back in 1982 at \$25,000/\$50,000/\$10,000.

While in 1982 \$25,000 of medical coverage did not cover everything, it did provide a reasonable baseline of coverage. But in 2009 the costs are not the same. Using medical CPI that same \$25,000 in medical expenses now cost over \$104,000. The same can be said for the cost of property involved. In 1982 the average car cost around \$9,000 and today the cost is around \$23,000.

We provided a few different examples of policy quotes last February. We were able to go back and look at the quotes again after the legislative changes. You can tell that rates vary from company to company and in fact by going with another company the person could even save money and get better coverage than the previous minimum coverage. So the advice remains to shop around for good coverage at an affordable price.

<b>Married female, 31 – 2008 Toyota Scion – The Hartford Insurance – Wausau Area</b>			<b>Progressive quote</b>
<b>Monthly Cost*</b>	<b>\$48.33</b>	<b>\$61.00</b>	<b>\$36.50</b>
<b>Bodily Injury</b>	25/50	50/100	50/100
<b>Property Damage</b>	10	15	15
<b>Medical Payments</b>	1	10	10
<b>Uninsured Motorist</b>	25/50	100/300	100/300
<b>Underinsured Motorist</b>	25/50	100/300	100/300

Based on 6-month premium

### **Rate Increases**

Throughout this debate, representatives of the auto insurance industry have claimed that rates will increase between 30 to 40 percent because of pro-consumer changes made in the state budget. The evidence does not support this contention

For example, on October 22, American Family Mutual Insurance Company filed its proposed rate increases for 2010 for personal auto insurance policies and has projected a mere 1.8% overall rate

increase for policyholders due to the changes in the law. American Family is the largest provider of personal auto insurance in Wisconsin with nearly 1 million policyholders.

While American Family is making this rate increase, we did not see a corresponding rate decrease in 1996 when the law was changed to prevent stacking and legitimize reducing clauses. The change in law in 1995 led to thousands of policyholders being denied coverage they paid for while the insurance companies pocketed the profits. Those costs were shifted back to the people of Wisconsin in higher taxes, higher health care costs and far too often drastic personal consequences.

American Family, like some other insurers, sent notices to some policyholders telling them that because of action taken in the Legislature they will be forced to raise rates, but did not include how much it would cost those persons to move to greater coverage. Attached is one such notice. A follow up call to the policyholder's agent revealed that to increase his medical coverage from \$2,000 to the new minimum of \$10,000 would cost only an extra \$6 per vehicle per year. A small price for a lot more coverage.

### **Economic Losses**

Legislators have supplied numbers provided by the Insurance Research Council that assert the average bodily injury claim settles for \$16,600 and the average property damage claim settles for \$2,500. These numbers are misleading. First, the numbers come from auto insurance companies, which are difficult to verify. Second, the number includes all states, many with lower insurance policy limits. Third, the numbers are skewed low because the amounts only represent insurance payments. For example, if someone were to die in an accident and the other driver only carried the minimum coverage, that is the amount reported, not the true loss experienced by the family.

A truer picture of losses comes from the Wisconsin Department of Transportation, which has determined that auto accidents here in 2007 caused \$2.994 billion in economic losses. That year 50,676 persons were injured, 737 persons were killed and 88,420 crashes resulted in property damage. If you average what would be covered under a bodily injury claim – injury and deaths – the economic loss per person would be over \$43,000, well above the current \$25,000 minimum coverage. If the families of those injured or killed in automobile accidents are not getting the money they need to recover from the people who caused the accident and their insurers, then health insurers or the government are paying for the losses or the family receives little or nothing for their injuries.

### **Reducing Clauses**

In 1995 the legislative changes allowed automobile insurance companies to legitimize "reducing clauses."

Before 1995, our courts had reasoned that allowing a reducing clause under a UIM policy would mean that the insurance company would "never pay the policy limits of its UIM policies. [U]nder the [insurer's] position, an underinsured liability limit is an **illusion** because an insured will never be entitled to recover up to that limit. The touchstone of any coverage is the **reasonable expectations of the insured**. Is it reasonable for the insured, who bought \$50,000 limits of underinsured motorist

coverage, to expect never to qualify for the stated limits? We think not.” *Hoglund v. Secura Insurance*, 176 Wis.2d 265, 500 N.W.2d 354 (1993).

What did this change mean for policyholders?

In 1994 it meant that if you had \$100,000 of UIM coverage and got into an accident with a driver who had \$50,000 of coverage and you sustained \$150,000 in damages you would have been covered because between his insurance and your UIM insurance you would have been able to collect \$150,000.

In 1995 after the law allowed reducing clauses, the same situation would have resulted in you only being able to access \$100,000 of coverage. Reducing clauses let the insurance company DEDUCT any insurance coverage available from the other driver from your UM/UIM coverage. That means that even though you paid for \$100,000 of coverage you would only be able to use \$50,000 of that coverage.

So essentially Wisconsin policyholders saw the real value of their insurance policies greatly diminished overnight, while they saw no change in the price they paid for this insurance. That’s right, though now the insurance lobby claims that changing this policy will help drive rates up, when they put it in place rates never went down.

This again shifted the burden of the cost of an auto accident from auto insurance companies to us in the form of higher health care costs and a greater tax burden.

Over the years litigation relating to reducing clauses resulted in over 25 appellate court opinions on their validity. The change in law and the new legal definition of underinsured motorist coverage is designed to reduce litigation and allow people to receive what they’ve paid for.

### **Stacking**

Some legislators claim the “stacking” changes increase the potential liability for a car owner. Stacking does not apply to liability policies but to uninsured motorist (UM) and underinsured motorist (UIM) policies. Their example is wrong. The UM/UIM coverage this person brought would protect **himself and his family** if they were in an accident and the other driver did not have insurance or only had minimal coverage. It does not affect the liability coverage.

The truth is that if you cause an accident your liability will depend on the seriousness of the accident. If someone is severely injured or dies you are responsible for all their damages. Your liability does not necessarily stop at your insurance coverage limit. Without adequate insurance, your home or business is also at risk. That is why it is so important to carry enough insurance to protect yourself in case of serious accident.

So what is stacking? Families with more than one vehicle who are paying multiple premiums for UM/UIM coverage will be able to recover on each policy they pay for if their damages require the additional coverage.

The reason stacking is allowed is that UM/UIM covers the person, not the vehicle. This is different than liability coverage, which is tied to your vehicle. This is why it will cover you if you are driving a car, riding in a friend's car or if you are walking across the street. This means that if you have two vehicles with UM/UIM coverage on each one, you personally are covered by two UM/UIM policies if you are in an accident.

It is like having multiple life insurance policies. If you pay a premium on three policies and die, your beneficiaries will get all three policies. Your insurance company can't say, well only if you die this certain way will your family see the benefits.

In 1995 the Legislature changed the law and limited UM/UIM coverage to a particular vehicle. If injured in an accident with an uninsured motorist you were limited to one UM/UIM policy even if you had paid premiums for multiple UM/UIM policies.

Here's how it works. A family pays \$10 a year for \$100,000 UM coverage for each vehicle it insures. The family has three vehicles. The family is paying a total premium of \$30 for three UM policies totaling \$300,000.

While driving one of the vehicles, the family is involved in a serious accident with an uninsured drunken driver. Family members injuries include a broken ankle, shattered kneecap, closed brain injury and spinal cord injury with medical expenses over \$300,000.

Since the family had three UM policies do they have access to all three policies?

Before November 1<sup>st</sup> coverage was limited to one vehicle or \$100,000 covering only 1/3 of their medical bills. The family would not have all their expenses covered for all their injuries.

Under the new law, \$300,000 would be available and the medical bills would be covered because that's the amount of coverage the family bought and paid for. Stacking simply allows families to get what they purchased.

### **Umbrella Policies**

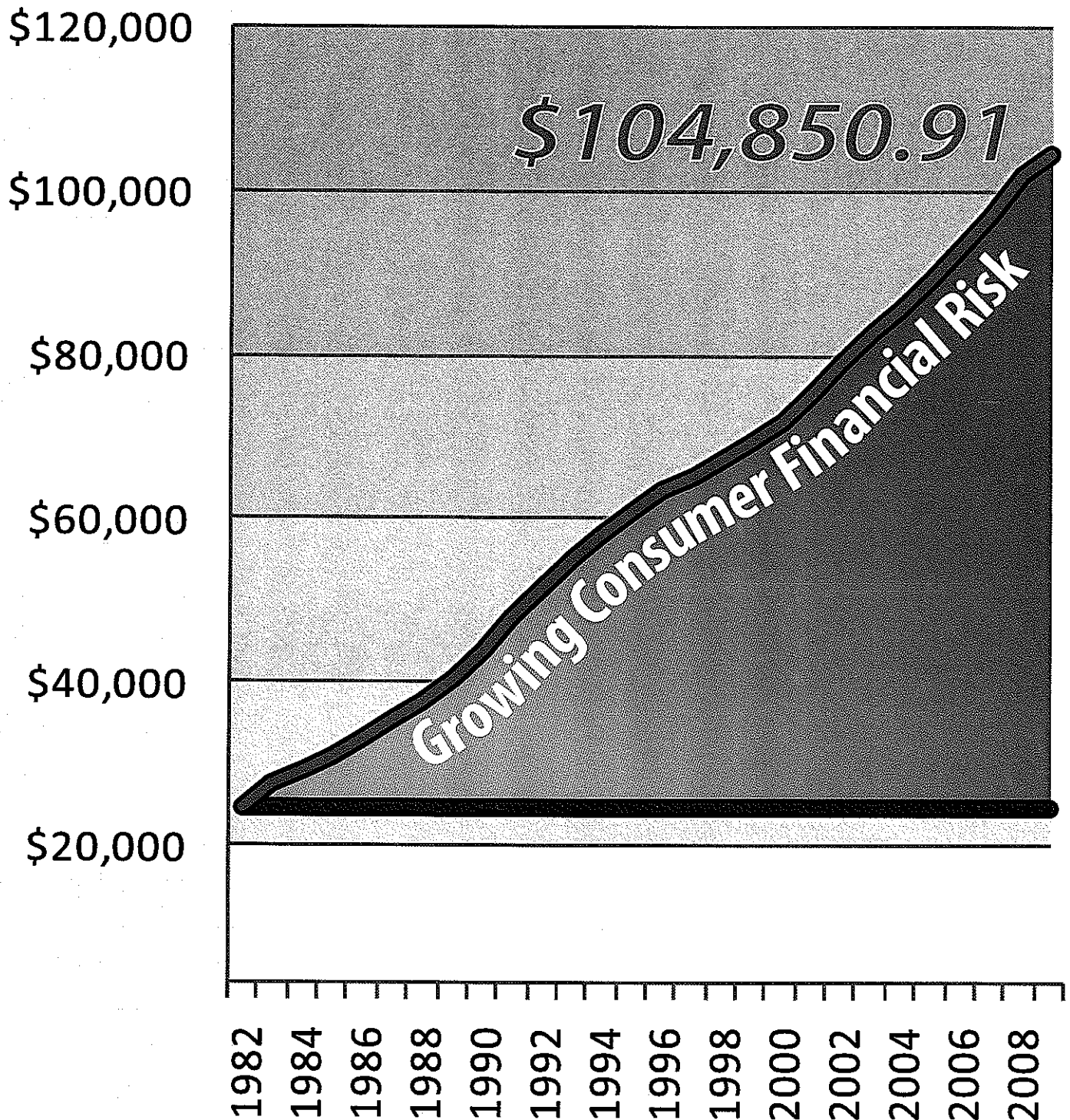
There is an allegation that umbrella coverages must include UM/UIM coverage. Not true. The previous law required insurers to offer UM/UIM coverage in umbrella policies. *Rebernick v. Wausau General Ins. Co.*, 2006 WI 27. The new law still requires that offer of coverage. The change is that consumers must sign off if they don't want it. It is a better consumer protection.

### **Conclusion**

Giving consumers more information and the benefits they pay for makes good sense and should be supported by legislators.

# Are You Covered?

*Medical Cost Increases vs. Minimum Liability Coverage*



 = Cost in Today's Dollars of \$25,000 of Medical Care

 = Minimum Level of Liability Insurance Coverage

Consumer Price Index - Medical Care - U. S. Bureau of Labor Statistics







## AMERICAN FAMILY INSURANCE GROUP

### MEDICAL EXPENSE COVERAGE REJECTION

This form must be completed and signed by the applicant/policyholder and accompany any applicant change on which Medical Expense Coverage is not desired or is being removed.

NOTICE OF REJECTION OF MEDICAL EXPENSE COVERAGE	
I understand the benefits of Medical Expense Coverage, but I do not wish to purchase this protection from American Family Mutual Insurance Company or American Standard Insurance Company of Wisconsin.	
I also understand that this coverage will be omitted from all future policy renewals unless I notify you in writing that I wish to add it.	
Policy No.: 210 711 111 111 WI	Renewal Date: 12/30/2009
DATE	INSURED'S SIGNATURE

U-334 (WI)

**Insured Name**

**Agent District Code**

**Agent Name**

**REMINDER:** If you want to reject \$10,000 in medical expense coverage, you must:

1. Sign and date above
2. Return in the enclosed postage paid envelope.

**\*\*Rejection Form is required for each policy, if you don't want medical expense coverage\*\***

# Truth In Auto – A Promise

Remarks of Vearl & Wanda Miller  
March 23, 2009 – Sparta, Wisconsin

My name is Vearl Miller. Six years ago I looked just like those auto insurance agents, executives and employees who have been trying to send you the message that auto insurance in Wisconsin is fair, and has been fair, since the mid-1990s. I am here, over 50 surgeries later, having survived paralysis and the loss of my leg and many other injuries, to tell you that it is not. My wife and I were deceived by our car insurance company. Legally, I am told, because of that change in the law in the mid-1990s. Now I have lost my job and my wife and four children no longer have my financial support, all because of this legal deception in car insurance.

I am here today to talk to you, my legislators, about underinsured motorist (UIM) coverage in insurance. My wife and I bought this insurance, as we always had, and paid a premium. We had it on two of our cars because it protects us if another driver does not have enough insurance. We bought \$150,000 of this coverage on each car, for a total of \$300,000. When an underinsured driver crossed the centerline and crushed my truck as I was making a work delivery for Car Quest, not only did I receive near fatal injuries, but for the last five years I have been fighting with those insurance companies who won't pay me for these harms, in spite of my paying premiums, because of this legal loophole. Please let Governor Doyle know you want this in the budget to make sure this does not happen again, to anyone.

When we bought this coverage, like I said we thought it would be added together and the amount we would get if this happened. How wrong we were. They did not even provide us with the actual policies of insurance, just declaration pages showing this

coverage, yet they are enforcing two exclusions – “reducing clauses” and “anti-stacking” – to reduce payment to me and my family for what I paid for.

First, they say that since the other driver had some insurance (\$100,000) that should “reduce” the first limit of \$150,000 to \$50,000. Why? We were not told this – my injuries are worth far more than \$100,000, and would anyone go through what I have for that?

Next, they say that since my insurance policy has a reducing clause (again I have never seen it, and my attorney says that they cannot produce proof that they ever sent it to me) that I cannot “stack” the two policies. So they offered me \$50,000 and I have been suing them for the rest ever since, but I will probably not get it because of this terrible law allowing hidden exclusions and misinformation to the consumer. I will not get it unless you act to change this unfair law.

To make matters even worse, my work insurance company is saying that the CEO “opted out” of UIM, which apparently also is legal, but never told us employees that we would be on our own if another driver hurt us and did not have enough coverage. The only thing that I get from them is workers comp, but that does not cover even but fraction of my daily needs and does not provide my family for the support they would have if I worked.

After paying back some things that other insurance like health did not cover, I was left with nearly nothing from the \$50,000. And that is after I paid two premiums for two policies never being informed by a policy or an agent that I could never, ever, no matter what, get to use this coverage if a catastrophe happened to me or my family.

Well it did. Our attorney calls this coverage "illusory" and is fighting to change this law. We call it a "lie" because it is a broken promise. An insurance policy is a promise to pay if you need it unless you have not proven the loss, or if you are told about an exclusion. We paid our premium and we proved our loss, and here we sit.

Please don't let this situation happen to another Wisconsin family. While injury may be infrequent, and injuries like mine uncommon, this is the kind of coverage you need when you need it most. Don't let the numbers of those in the insurance industry urging you to let them continue high profits on broken promises. I know my family is small compared to them, but our premium was just as important as anyone's. The law should be there to force insurance companies to keep their promises to everyone. Everyone paying for insurance deserves to get what they pay for. Our premium did not go down after this mid-1990s law took effect – but they "saved" \$250,000 that I sure could use to help put my life and my family back together.

Statement of Allen Polkoski  
Joint Finance Committee Hearing

Sparta, Wisconsin

March 23, 2008

My name is Allen Polkoski. I live at 928 Pfaff Parkway, Sparta, Wisconsin, 54656. I am 57 years old. Please consider this my written statement in favor of Assembly Bill 75-Truth in Auto Insurance Provisions which is part of the budget bill.

On November 23, 2007, I was injured in a car accident that was caused by a drunk driver. My injuries included many fractures to my pelvis and my ribs. I had a retroperitoneal hematoma. I had a pulmonary contusion and a small hemathorax. My doctors also found a partial disruption of my sacroiliac joint. My medical bills for the treatment of my collision related injuries total in excess of \$150,000.00. Because of my injuries, I am now disabled. I cannot return to my former job as a union construction worker. I belonged to the Wisconsin Cement Masons Local No. 599. State Farm insured the drunk driver and paid me his policy limits of \$100,000.00.

At the time I was hurt, I had insurance with Progressive. I bought \$100,000.00 of underinsured motorist coverage on each one of the three vehicles that our family owned. We paid three separate underinsured motorist premiums. The premium for our 1992 Oldsmobile was \$11.00, the premium for our 1998 Chevrolet was \$7.00, and the premium for our 2003 Pontiac was \$9.00. At the time that we purchased insurance from Progressive, it was my belief that we had \$100,000.00 of UIM coverage on each vehicle for a total of \$300,000.00 that would be available to protect a member of our family. I do not feel that Progressive treated me fairly. Progressive refused to pay me anything. Progressive said that there was no UIM coverage because my UIM limits of \$100,000.00 were reduced by what State Farm paid (\$100,000.00). I was also told by Progressive that stacking of my insurance coverage was not allowed even though I had paid three separate premiums.

I am not the only one who was treated unfairly by Progressive. The Wisconsin Masons Health Fund recovered less than ten percent of what it paid toward my medical bills. My union Local No. 599 deserved more. My family had no health insurance when I had no job. My lawyer reduced his fee. He deserved more. I had to apply for Social Security/Medicare or I would have been forced into bankruptcy.

If Assembly Bill 75 would have been the law at the time that I got hurt, reducing clauses and anti-stacking clauses would not have been allowed. Progressive Insurance could have been made to pay me the full amount of the insurance coverage that I purchased (\$300,000.00) instead of nothing.

## **TESTIMONY OF KAROL MATTSON**

**125 East Bolivar Ave.**

**Milwaukee, WI 53207**

My name is Karol Mattson and I live at 125 East Bolivar Avenue in Milwaukee, Wisconsin. I am here today to ask you to support that portion of the Governors budget dealing with Reforms to Wisconsin's Auto Insurance laws, referred to as "Truth in Auto Insurance".

On January 9, 2009 I was involved in a terrible motor vehicle accident that changed my life forever. I was driving South on 76<sup>th</sup> Street in Franklin when an oncoming driver lost control of his SUV, crossed the center line and slammed into my car. He hit me with such force that the driver side door was ripped off my car. When my car finally came to a stop, I was hanging outside the vehicle, lying partially in the snow. I suffered numerous fractures to my right arm, a fractured skull and five broken ribs. I also suffered an injury to the bundle of nerves in my arm known as the brachial plexus. Because of this nerve injury, I have no feeling or use of my left arm. My doctors tell me I may never be able to use my left arm again. I also suffer from double vision. All total, I spent 10 days in the hospital, and I am still struggling today to recover from these injuries.

At the time of the accident, I was working as a customer service representative for "Buy Seasons" out in New Berlin, Wisconsin. I have not been able to go back to work since the accident and, because of my terrible injuries, I don't know when I will be able to return to my

job. The medical bills alone since the accident total over \$100,000. In addition, what used to be everyday activities have now become impossible to do.

This accident has been a tragedy for me and for my family. That tragedy was only made worse when I learned that there would not be enough insurance coverage to pay for the damage. The driver of the car that caused this accident had only \$25,000 in insurance coverage. I have learned that this is the minimum amount of insurance coverage allowed under current Wisconsin law. \$25,000 is not even enough to cover my medical bills.

I thought I could turn to my own automobile insurance company for help, since my husband and I thought that we had purchased \$200,000 in Underinsured Motorist Coverage. Again, I was wrong. Because of fine print language in the insurance policies, I have been told that my total coverage amounts to only \$75,000. This is nowhere near the coverage that we need for this terrible accident.

It is not fair that the insurance company for the driver of the car that hit me gets to pay this minimal sum and then walk away from responsibility for this accident. It is not fair that, because of an accident that was not in any way my fault, my health insurance company and my family are now left to foot the bill.

I was very happy to see that the Governor included in his budget a proposal to raise the minimum insurance levels in Wisconsin from \$25,000 to \$100,000. I have been told that the \$25,000 limit has been in place for over 20 years. In 20 years the cost of everything has gone up, especially health care. It is only fair that the minimum insurance levels should also go up to keep up with these increased costs.



I was also happy to hear that the Governor was changing the law with regard to insurance policies to make them more understandable to people when they buy their coverage. It seems only fair that, if you are told that you have purchased a certain amount of insurance coverage, you should be able to make a claim for that amount when a bad accident happens. That is not what happened to me.

The insurance system needs to treat people fairly. I think the Governor's "Truth in Auto" section will help do just that. Please support the proposed increase in insurance limits. In addition, please support the Governor's efforts to make insurance policies mean what they say. Thank you.

Hi, my name is Crystal Morgan. I am here today to tell you that this law has real consequences for real people and urge you to adopt the changes proposed by Governor Doyle. Let me briefly tell you my story so that you can understand why this change is necessary for Wisconsin consumers.

I broke my left collarbone, left arm and sustained a concussion in an accident on July 12, 2008. My surgery and treatment cost over \$49,000, and I still need another surgery.

The other driver who caused the accident only carried \$50,000 in insurance, which will not be enough to even cover my medical bills. I have health insurance through the military, but the insurance is not going to be enough to pay them back. Plus, I will not recover all of my losses.

So the government and I will end up bearing part of the loss for the negligence of the other driver. This is not fair. The person who was at fault should bear full responsibility for their actions.

Increasing the minimum amount of insurance coverage to \$100,000 would help make sure that the people responsible for accidents are able to take responsibility for their actions.

Please support the Truth in Auto Insurance

STATEMENT OF DENISE CRUZ  
JOINT FINANCE COMMITTEE MEETING

RACINE, WI

MARCH 26, 2009

My name is Denise Cruz, and I live in Racine, Wisconsin. I would like to tell you about my personal experience in an effort to convince you to support the portion of Governor Doyle's budget that contains the Truth In Auto legislation.

In January of 2005, when I was 41 years old, I was severely injured in a car accident. I was on my way home for lunch and a car leaving a local high school crossed the center line and hit my car. I had surgery to my low back and have permanent nerve damage to my legs and feet. I use a walker and I cannot work. I rely on disability and Medicare. Before the accident, I was employed by the State of Wisconsin, as a Deputy Court Liaison for Probation and Parole. I also had a part-time job. I loved both of my jobs.

For more than 18 years, I paid premiums on a State Farm policy that I thought gave me \$250,000 worth of coverage in case I was hit by someone with no insurance or not enough insurance. I had learned my lesson in the 1980's, when I was in a car accident and needed to have jaw surgery. At that time, I did not have underinsured motorist coverage and the limits of the person who hit me were not enough to cover my extensive medical bills. I ended up declaring bankruptcy due to the unpaid medical bills. After that accident, I knew that I needed to have enough insurance to cover me in case I was in another accident. I paid my premium to buy \$250,000 in coverage because I had learned the hard way about the value of underinsured motorist coverage.

So after my accident in 2005, I was told by my lawyer that the \$250,000 of coverage I purchased would be reduced by the other driver's \$100,000 of coverage. I said to her "You've got to be kidding me."

There was never anything on my insurance statements that said I would not get all of the coverage I was paying for. I feel cheated. I believe that you should get what you pay for. The person who hit me paid her premiums, and therefore I was able to collect all of the insurance she paid for. But I also paid premiums for \$250,000 of coverage, and I did not get what I paid for. I am a responsible citizen and I did what I thought I needed to do to protect myself if something went wrong.

I am testifying here today because I don't understand why this is allowed to happen. I ask myself, "Who benefits from this policy of reducing coverage?" The State of Wisconsin did not benefit from this policy. I did not benefit from this policy. The insurance company was the only one who benefitted from this policy. The same company that received my premiums for 18-plus years.

The Medicare coverage I have now is nowhere near the coverage I had when I worked for the State of Wisconsin. I must now pay a \$50 co-pay for every physical therapy appointment and higher costs for doctor appointments and prescriptions. If I had received the extra \$100,000 of insurance from State Farm that I paid for, I would have used that money to pay the premiums for my COBRA coverage for an additional 5 years, which would have kept me off of Medicare for 5 years. That would have benefitted me and the State of Wisconsin.

I have spoken with many people about what happened to me, and they are unaware that their insurance will be reduced by the other person's insurance. They do not understand that no matter how much insurance they purchase, they will almost never get what they pay for because it will be reduced by the other person's coverage.

Testifying today will not benefit me. My case is over. No amount of money can make up for the things I am unable to do and would like to do, for example work, walk my dogs, drive a car and other things that people take for granted. I have to rely on my family and friends to help me with things I am unable to do

for myself. I was the victim of a horrible car accident and just when I thought it could not get worse, I was victimized by my own insurance company.

I do not want this to happen to someone else. You could get injured leaving this high school parking lot today. At the very least, you deserve the amount of insurance you pay for. That is why I am telling you my story. Please support the Truth In Auto Legislation.

Thank you.

Testimony of Mary and Rudolph Girardi

138 Fairbrook Drive, Waunakee, WI

Our names are Mary and Rudolph Girardi from Waunakee, WI. We were severely injured in a motor vehicle accident on April 14, 2007. The accident occurred as we were traveling into Iowa, just across the border. We were injured when a truck crossed the center line and struck us head on at highway speed. We both sustained severe orthopedic injuries requiring multiple surgeries, hardware insertion and lengthy rehabilitations. We are both left with permanent injuries that affect us every day and will continue to do so for the rest of our lives. Our medical expenses alone were several hundred thousand dollars.

The person who hit us had a \$100/300,000 liability policy and the policy limits were tendered for each of us. This was not enough even to cover our medical expenses, let alone cover us for what we have had to endure and will have to live with going forward.

We had purchased underinsured motorist coverage from West Bend insurance, which was also in the amount of \$100/300,000. Because of how the insurance company defined underinsured motorist coverage and the reducing clause, we were not able to recover anything from West Bend. At

no point did our agent ever explain to us what a reducing clause was. We thought we had purchased full coverage.

We were quite angry to learn that even though we thought we had purchased insurance to protect us in a situation like we found ourselves, we actually were unprotected. Here we paid for UIM coverage, we desperately needed it to help pay our bills, yet West Bend did not have to pay because of how they defined UIM in the insurance policy. This isn't right. We need Truth in Auto Insurance to make sure people like us get the coverage we pay for. Thank you.

## Introduction

My name is Attorney Anne MacArthur and I am with the law firm of Habush Habush & Rottier S.C. We would like to thank Governor Doyle for including the Truth and Auto Insurance provisions in the state budget. It is now my pleasure to introduce one of my former clients, Sammi Joe Hunter, who will give testimony in support of the bill.

TESTIMONY OF SAMMI JO GREIFENHAGER  
4125 Eight Lane  
Wisconsin Dells, Wisconsin 53965

My name is Sammi Jo Greifenhager and I live in the Wisconsin Dells. When I was 19 years old, I was in an auto accident while driving my parents' car. Another driver ran a red light and T-boned me. My hip was broken and I had to have surgery. My medical bills for my hospitalization, surgery and follow-up care were almost \$70,000.

The woman who hit me had \$100,000 in liability coverage. My parents had purchased insurance, which included \$100,000 of under-insured motorist coverage. My attorneys explained to me that because there was a so-called "reducing clause" in my parents' insurance policy, the two amounts would offset, meaning I would not receive any of the under-insured motorist coverage even though my case had a value well in excess of the available liability coverage. My family did not understand why we did not have any coverage after we had paid premiums for this type of insurance.

Fortunately, my attorneys recovered all the money available from the insurance company of the lady who hit me but I have had ongoing problems as a result of my injuries.

I had to have a second surgery. While my husband's insurance through work covered most of that, we had to pay \$2500 out of pocket because my injury pre-dated my coverage under that plan. That was a financial hardship for us. We are a young couple with three children.



I am now told I may have to have a third surgery. In addition, I have had a very hard time finding a job because my hip injury prevents me from standing for long periods of time.

The additional money that would have been available under my parents' policy but for the reducing clause would have helped a lot in terms of the ongoing expenses and loss of income I have from my injuries.



131 West Wilson Street, Suite 400, Madison, WI 53703-3269  
608.258.4400 fax 608.258.4407  
400 Selby Avenue, Suite Y, St. Paul, MN 55102-4520  
651.228.0213 fax 651.228.1184  
[www.cooperativenetwork.coop](http://www.cooperativenetwork.coop)

November 24, 2009

To: Assembly Committee on Insurance  
From: David Ward, Director of Government Relations, Cooperative Network  
Re: Assembly Bill 525

Cooperative Network is the statewide trade association representing Wisconsin's cooperative community. Our state is home to more than 800 cooperative businesses owned by more than 2.9 million Wisconsin citizens. As you may know town mutual insurance companies are some of the oldest types of cooperatives in Wisconsin.

We are expressing our support for Assembly Bill 525 (AB 525) which relates to automobile insurance coverage limits and proof of financial responsibility. AB 525 will reverse many of the automobile coverage changes included in Wisconsin's 2009-10 biennial budget bill (Act 28). Assembly Bill 525 would return the minimum liability limits, uninsured, underinsured and medical payment coverage limits back to what they were before the enactment of Act 28. In addition, this legislation would repeal the "stacking" provision.

The Legislative Fiscal Bureau cites a study by the Wisconsin Insurance Alliance (WIA), an organization that represents property and casualty insurance companies, that estimates that auto insurance premiums for individuals that purchased the minimum liability coverage levels of 25/50/10 prior to the enactment of Act 28 would increase by 33% to 43%, if limits are raised to 100/300/25. The Legislative Fiscal Bureau shared the results of the WIA analysis with faculty at the University of Wisconsin-Madison Department of Actuarial Science, Risk Management, and Insurance, and with faculty at the School of Risk Management and Actuarial Science at St. John's University in New York. In both cases, the faculty members opined that the approach WIA used to reach its conclusion appeared reasonable. Cooperative Network believes the increases in the various coverage requirements are excessive and could be counter-productive. Wisconsin already had the fifth highest coverage requirements in the country prior to the passage of Act 28.

Cooperative Network also raised concerns about the auto insurance provisions in Act 28 had nothing to do with the finances of the state and should be debated as a separate piece of legislation. Cooperative Network wishes to thank Representative Cullen and members of the Assembly Committee on Insurance for having that debate today.



Wisconsin Insurance Alliance  
44 East Mifflin Street • Suite 901  
Madison, Wisconsin 53703  
(608) 255-1749 FAX (608) 255-2178  
[contact@wial.com](mailto:contact@wial.com) / [www.wial.com](http://www.wial.com)

Andrew Franken  
President

Alan Ogilvie  
Chairperson  
Capitol Indemnity Corp

Rick Parks  
Vice Chairperson  
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Jewelers Mutual Insurance  
League of Wisc Mutual  
Liberty Mutual Group  
Manitowoc Mutual Insurance  
Maple Valley Mutual Insurance  
McMillan/Warner Mutual Ins  
Mount Morris Mutual  
Old Republic Surety Co  
Partners Mutual Insurance Co  
ProAssurance  
Progressive Northern Insurance Cos  
QBE Regional/General Casualty  
Racine County Mutual Insurance Co  
Rural Mutual Insurance Co  
SECURA Insurance  
Sentry Insurance  
Sheboygan Falls Insurance  
Society Insurance  
State Auto Insurance Cos  
Sugar Creek Mutual Insurance Co  
United Wisconsin Insurance Co  
Waukesha Cty Mutual Insurance  
WEA Property & Casualty Co  
West Bend Mutual Insurance  
Wilson Mutual Insurance  
Wisc American Mutual Insurance Co  
Wisc Assn of Mutual Insurance Cos  
Wisc County Mutual Insurance Co  
Wisc Mutual Insurance Co  
Wisc Reinsurance Corp

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Auto Club Insurance Assn  
CNA  
CUNA Mutual Insurance Group  
Farmers Insurance  
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Kemper Auto & Home  
Nationwide Indemnity  
SFM  
State Farm Insurance  
Travelers  
Western National Mutual Ins Co

**MEMORANDUM**

To: Members of the Assembly Insurance Committee  
From: Andrew J. Franken  
Date: November 23, 2009  
Subject: Support for Assembly Bill 525

On behalf of the Wisconsin Insurance Alliance, I am writing to respectfully request that you support Assembly Bill 525.

As you may know, the Wisconsin Insurance Alliance represents 63 property and casualty companies in Wisconsin. The Wisconsin property and casualty industry is one of the strongest in the nation employing over 28,000 Wisconsinites directly and through agencies across the state.

Prior to the enactment of the budget, Wisconsinites had some of the lowest cost automobile insurance in the country. According to the Auto Insurance Report's PAIN index, Wisconsin families pay the 3rd lowest rates as a percentage of household income. When combining the out-of-pocket expense for auto and homeowners insurance as a percentage of median household income for a family of four, Wisconsin residents enjoy the lowest Personal Insurance Burden (PIB) in the country.

During the budget debate, the WIA and others clearly pointed out that the proposed provisions would increase the insurance costs of all Wisconsin families, hitting low and middle income households the hardest.

AB-525 will roll back most of the provisions included in the state budget including:

1. **Auto Insurance Limits.** The budget increased the minimum automobile liability insurance from the previous \$25,000/\$50,000 bodily injury and \$10,000 property damage to \$50,000/\$100,000 bodily injury and \$15,000 property damage. **Wisconsin now stands with only Alaska and Maine, with the highest automobile liability insurance limits in the United States.** The financial burden of these requirements will most impact those Wisconsin residents who are least able to afford it, likely increasing Wisconsin's uninsured driver population to the detriment of all Wisconsin residents. The added cost will be an especially difficult burden for individuals who are already struggling to provide for their families. These individuals may purchase no insurance at all – whether or not purchase is mandated by state law. And small business owners may be forced to choose between purchasing insurance and expanding their operations.

In addition, the budget set higher limits to uninsured and underinsured motorist coverage. Uninsured motorist (UM) coverage was mandatory under previous law. Act 28 also makes underinsured motorist (UIM) coverage mandatory. Wisconsin drivers not only are paying for the highest liability limits in the United States, but they are now required to buy UM and UIM coverage at \$100,000/\$300,000, **Wisconsin stands alone with the highest UM/UIM minimum limits in the United States.**

**2. Definition of Underinsured Motor Vehicle.** Act 28 changed the definition of underinsured motor vehicle (UIM). Previously, most auto policies defined an underinsured motor vehicle as a motor vehicle for which the UIM limit is greater than the at-fault driver's liability limit, permitting the insured to choose the limit of maximum compensation that is comfortable and affordable to the insured. **Act 28 vastly expanded the number of potential accidents in which there will be UIM claims creating an atmosphere of perpetual litigation in the determination of damages and increasing both the claims cost and the litigation cost of UIM insurance.** This is especially the case because Act 28 also prohibited policy clauses that reduce the UIM limit under the policy by amounts the insured has received from the at-fault driver's liability coverage.

**3. Prohibition on Anti-Stacking Policy Provisions.** Act 28 also prohibits insurers from including provisions in their auto policies that prohibit increasing the total limit available under UM and UIM coverage by adding together the limits on multiple insured vehicles. Instead of \$100,000/\$300,000 of UM and UIM coverage, stacking the limits will mean that the total limit available will be \$100,000/\$300,000 multiplied by the number of vehicles insured up to three vehicles. And these much-enhanced limits will be available for *each* of the vehicles insured. Insurers previously priced UM and UIM coverage based on one limit for each vehicle insured. **It is now necessary to recalculate the rates for UM and UIM to account for the multiple available limits.** Mandating this additional cost is unnecessary, since Wisconsin residents who wish to purchase higher UM and UIM limits may do so. Stacking increases the cost for even those Wisconsin residents who do not have multiple vehicles and therefore limits to stack.

**4. Medical Payments Coverage.** Act 28 increased the minimum medical payments coverage limit from \$1,000 to \$10,000 per person.

According to the Insurance Research Council, 96% of all bodily injury claims are \$15,300 or less. The auto insurance provisions in Act 28 force all Wisconsin residents to pay for substantially more coverage than they will ever need in order to provide insurance coverage for the very few claims that exceed the current limits – a very inefficient means of assuring adequate compensation. Together, the above provisions will substantially increase the auto insurance premiums paid by Wisconsin residents during an economic time when many can least afford the increase. These provisions are simply unfair to Wisconsin residents.

We again respectfully request that you support AB-525.

## AUTOMOBILE INSURANCE FINANCIAL RESPONSIBILITY LIMITS

Financial responsibility laws require that all automobile drivers show proof that they can pay damages up to a minimum amount if involved in an auto accident. The laws can be met by carrying a minimum amount of auto liability insurance. For example, personal auto insurance financial responsibility limits of 25/50/10 mean coverage up to \$50,000 for all persons injured in an accident, subject to a limit of \$25,000 for one individual, and \$10,000 for property damage. Minimum BI and PD F.R. limits are shown below, along with UM or UM/UIM limits.

	BI	PD	UM or UM/UIM (BI)
Alabama	25/50	25	Mandatory offer; insured may reject
Alaska	50/100	25	Mandatory offer; insured may reject
Arizona	15/30	10	Mandatory offer; insured may reject
Arkansas	25/50	25	Mandatory offer; insured may reject
California	15/30	5	Mandatory offer; insured may reject
Colorado	25/50	15	Mandatory offer; insured may reject
Connecticut	20/40	10	Mandatory offer; insured may reject
Delaware	15/30	10	Mandatory offer; insured may reject
District of Columbia	25/50	10	UM mandatory; UIM mandatory offer; insured may reject
Florida	\$10K PD or \$30K BI & PD comb.		Mandatory offer; insured may reject
Georgia	25/50	25	Mandatory offer; insured may reject
Hawaii	20/40	10	Mandatory offer; insured may reject
Idaho	25/50	15	UM only; Mandatory offer; insured may reject. UIM, no provisions.
Illinois	20/40	15	UM mandatory; UIM mandatory if UM limits exceed FR; may reject higher UIM limits
Indiana	25/50	10	Mandatory offer; insured may reject
Iowa	20/40	15	Mandatory offer; insured may reject
Kansas	20/50	10	Mandatory offer; insured may reject over minimum coverage.
Kentucky	25/50	10	Mandatory offer; insured may reject
Louisiana (eff. 1/2010)	15/30	25	Mandatory offer; insured may reject
Maine	50/100	25	Mandatory offer; insured may reject
Maryland	20/40	15	Mandatory
Massachusetts	20/40	5	Mandatory
Michigan	20/40	10	No provisions
Minnesota	30/60	10	Mandatory
Mississippi	25/50	25	Mandatory offer; insured may reject
Missouri	20/50	10	UM mandatory; no statutory requirement for UIM
Montana	25/50	10	UM mandatory offer; insured may reject; UIM, no provisions

Nebraska	25/50	25	25/50	Mandatory offer; insured may reject
Nevada	15/30	10	15/30	Mandatory offer; insured may reject
New Hampshire	none	none	25/50	Mandatory offer; insured may reject in excess/umbrella policies only
New Jersey	15/30	5	15/30	Mandatory
New Mexico	25/50	10	25/50	Mandatory offer; insured may reject
New York	25/50	10	25/50	UM mandatory; UIM optional
North Carolina	30/60	25	30/60	UM, mandatory offer, insured may reject; UIM, mandatory if limits exceed 30/60
North Dakota	25/50	25	25/50	Mandatory
Ohio	12.5/25	7.5	12.5/25	Optional offer
Oklahoma	25/50	25	25/50	Mandatory offer; insured may reject
Oregon	25/50	10	25/50	UM mandatory; UIM mandatory if UM limits exceed FR limits
Pennsylvania	15/30	5	15/30	Mandatory offer; insured may reject
Rhode Island	25/50	25	25/50	Mandatory offer; insured may reject
South Carolina	25/50	25	15/30	UM mandatory; UIM mandatory offer, insured may reject
South Dakota	25/50	25	25/50	Mandatory
Tennessee	25/50	10	25/50	Mandatory offer; insured may reject
Texas	25/50	25	20/40	Mandatory offer; insured may reject
Utah	25/65	15	25/50	Mandatory offer; insured may reject
Vermont	25/50	10	50/100	Mandatory
Virginia	25/50	20	25/50	Mandatory
Washington	25/50	10	25/50	Mandatory offer; insured may reject
West Virginia	20/40	10	20/40	UM mandatory; UIM optional
Wisconsin (eff. 6/1/10)	50/100	15	100/300	Mandatory
Wyoming	25/50	20	25/50	Mandatory offer; insured may reject

Sources: PCI "At-a-Glance: Personal Auto Minimum Financial Responsibility Limits" and "UM/UIM & Umbrella Coverage Requirements"

23-Nov-09



## WISCONSIN ASSEMBLY BILL 75 PROVIDES LITTLE OR NO FREEDOM OF CHOICE

### *Abstract*

*The State of Wisconsin recently enacted a budget bill (AB-75) that includes insurance provisions requiring drivers to have auto liability insurance (including uninsured/underinsured motorists coverage) with minimum limits at least two times the level found in 9 out of 10 states. Proponents of the bill justify the higher limits by asserting that current ones have not been modified in two decades. Although medical costs have been rising, they have not risen to the point where such drastic changes are needed here. Wisconsin's insured losses are not among the highest; in fact, its vehicle damage losses are lower than most states. Wisconsin will now be one of three states requiring drivers to have the highest financial responsibility limits and it will have the highest mandatory UM/UIM coverage limits. An environment where there is little freedom of choice is in conflict with this state's motto, "Forward." The people of Wisconsin deserve to have the ability to decide for themselves the kind of auto insurance and the amount they need.*

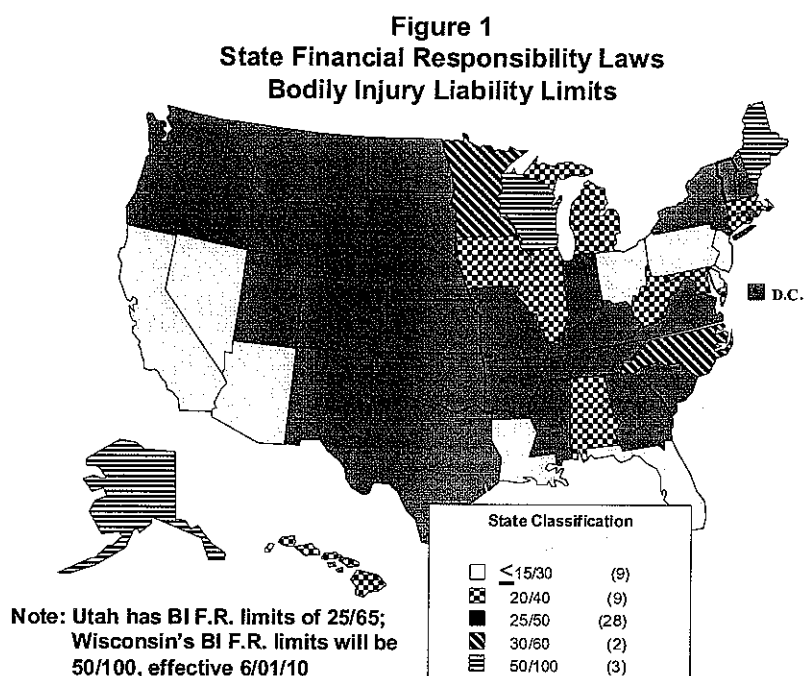
On June 29, 2009, Wisconsin's two-year budget bill (Assembly Bill 75) was signed by Governor Jim Doyle and is now published as 2009 Wisconsin Act 28. As part of this legislation, which goes into effect on June 1, 2010, the major provisions related to auto insurance include the following:

- Having auto bodily injury (BI) and property damage (PD) liability insurance, including uninsured/underinsured motorists (UM/UIM) coverage, is mandatory (UM coverage for bodily injury is already required).<sup>1</sup> All motorists must have proof of coverage.
- The auto insurance financial responsibility (F.R.) limits are increased to 50/100/15 from 25/50/10. In other words, minimum liability coverage is required to be purchased at \$100,000 for all persons injured in an accident, subject to a limit of \$50,000 for one individual and \$15,000 coverage for property damage. The minimum UM/UIM coverage limits are raised to 100/300 from 50/100.
- If an accident is caused by an underinsured driver, the damages paid can be as high as the sum of the victim's UIM limits *plus* the tortfeasor's liability limits. Furthermore, an accident caused by an uninsured driver would allow the injured party to combine (or "stack") the UM limits of his or her vehicles insured under the same policy or the UM limits of vehicles insured under multiple policies. Under both of these "damages" and "stacking" scenarios, greater reimbursement would be provided to the accident victim.
- Claimants would be able to report hit-and-run accidents and receive payment under their UM coverage even though there is no physical contact with the "phantom" vehicle.

<sup>1</sup> In Wisconsin, there is no UM coverage for property damage.

There is no doubt that the passage of AB-75 will dramatically alter Wisconsin's auto insurance landscape. In this new setting, many drivers will not be given the opportunity to evaluate their own personal auto insurance needs and make their own auto insurance decisions. One must question how appropriate the new insurance provisions are for Wisconsin's drivers relative to what other drivers in the nation are required to purchase.

Prior to the adoption of the budget bill, the state's minimum F.R. limits (25/50/10) were in line with 46 other states in the nation; 18 of these states have even lower limits than 25/50/10. Now, Wisconsin will be an outlier along with two other states that have the highest minimum coverage requirements (50/100/25); Alaska and Maine are the two other states, both of which are very remote in location and have significantly fewer drivers (Figure 1, BI F.R. limits only<sup>2</sup>).



Not only will all Wisconsin drivers be required to have auto liability insurance but they must obtain them at substantially higher F.R. limits than those presently available. As a general rule, when states convert from a financial responsibility law to a mandatory coverage law, the existing F.R. limits are offered. If changes to these limits are needed, they are gradually increased over time, not contemporaneous to the adoption of a mandatory law. AB-75 may cause many drivers in the state to experience a cost shock.

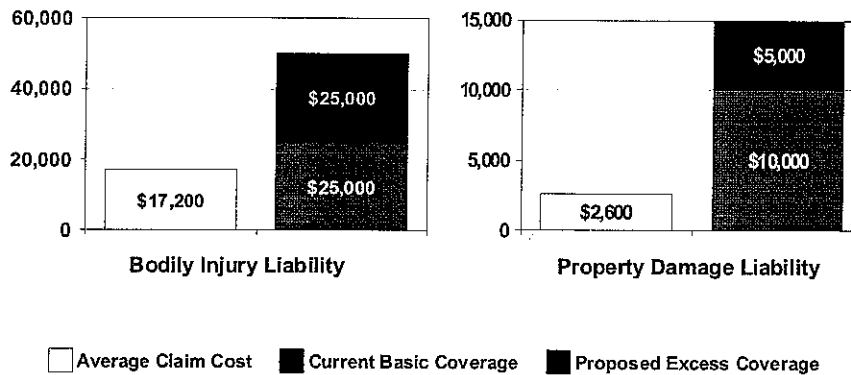
Supporters of the new insurance provisions allege that the state's minimum coverage levels are presently not adequate to cover the cost of injuries in today's health care market. The average cost of an insurance injury claim (excluding loss adjustment expenses) in Wisconsin is currently about \$17,200. Contrary to what proponents say, the current BI level of \$25,000 is more than

<sup>2</sup> The inclusion of PD liability limits in Figure 1 would result in too many varieties of total limits to present.



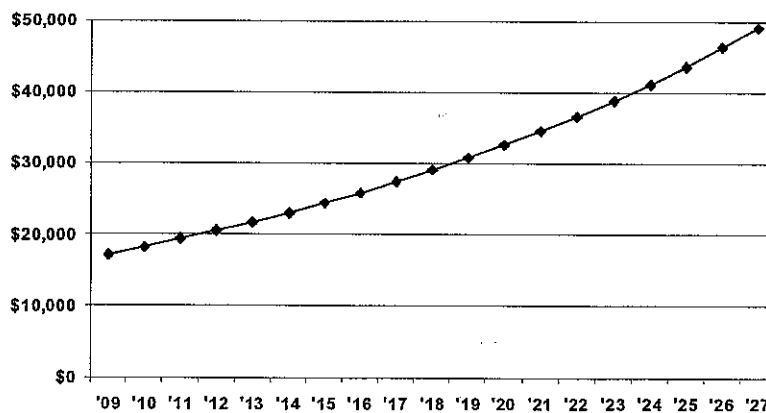
sufficient to cover the cost of the average auto injury. When AB-75 goes into effect, drivers will be paying for an excessive amount of coverage (\$50,000 per injured person), which is not needed in most cases. Similarly, drivers will have to buy \$15,000 of property damage liability coverage, which is extraneous given that the average cost of a PD claim in this state is now less than \$2,600<sup>3</sup> (Figure 2).

**Figure 2**  
**AB 75 Requires Most Wisconsin Drivers To Pay More for Superfluous Coverage**



Wisconsin's BI claim severity has been rising at approximately the same pace as its health care costs, i.e., about 5 to 6 percent a year.<sup>4</sup> If this annual rate of change remains constant, it will take many years – possibly not until 2027 – before the average injury claim cost of \$17,200 reaches the new minimum per-person limit of \$50,000 (Figure 3).

**Figure 3**  
**Wisconsin's Current Average BI Claim Cost Will Approach \$50,000 in About Two Decades**



Note: This trend assumes an annual change in severity of 6 percent

<sup>3</sup> Fast Track Monitoring System @2<sup>nd</sup> Qtr. 2009, a quarterly report of auto loss experience prepared jointly by PCI, the Insurance Services Office, Inc., and the National Independent Statistical Service.

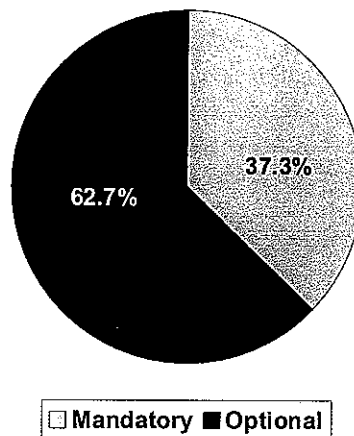
<sup>4</sup> U.S. Department of Labor, Medical Care CPI index reflecting Milwaukee-Racine, Wisconsin.

It is clearly recognized that some auto injury claims in Wisconsin do cost more than \$25,000 or even \$50,000 per person now. However, the vast majority costs \$25,000 or lower; based on an analysis of BI claims in Wisconsin, an overwhelming 96 percent of injury claims have an average economic loss of \$25,000 or less. The average payment of these claims, as a group, is only \$7,100 per accident victim.<sup>5</sup>

Given the relatively small claim severity, one must wonder whether a mandate calling for \$50,000 of bodily injury liability coverage is in the best interest of Wisconsin's drivers, since they will now have to pay more for coverage that is excessive and unnecessary in nearly all cases.

Requiring the purchase of minimum UM/UIM limits of \$100,000 per person and \$300,000 for all persons injured in an accident is also unwarranted. First of all, 19 states<sup>6</sup> now require their drivers to buy UM or UM/UIM coverage, while the remaining 32 states give their drivers the freedom to decide whether or not they should have this coverage (Figure 4). Secondly, among those states where UM or UM/UIM is mandatory, only Maine, Vermont and Wisconsin have minimum limits of 50/100 (prior to Act 28, only UM coverage was required in Wisconsin). The remaining 16 compulsory states have minimum UM or UM/UIM limits of only 25/50 or lower. As a result of the insurance provisions found in the budget bill, Wisconsin will now be the sole outlier with mandatory UM/UIM coverage at 100/300 minimum limits.

**Figure 4**  
**More Than Six out of Ten States**  
**Provide UM/UIM Coverage Option**



**Note: Wisconsin's required UM/UIM limits (100/300) will be highest in the nation; most mandatory states offer limits of 25/50 or less**

<sup>5</sup> PCI based on 2007 closed claims data compiled by the Insurance Research Council (roughly 200 Wisconsin BI claims were evaluated; a similar amount resulted from examining 400 BI claims in 2002).

<sup>6</sup> The 19 states where UM or UM/UIM is now mandatory are: District of Columbia (UM only), Illinois (UM only), Kansas, Maine, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Dakota, South Carolina, South Dakota, Vermont, Virginia, West Virginia and Wisconsin (UM only).

A review of the latest three years (2003-2005) of loss experience indicates that Wisconsin's average UM/UIM claim severity of \$24,290 ranks 22<sup>nd</sup> highest in the nation.<sup>7</sup> It will take some time before the UM/UIM cost of an average injury from an auto accident reaches \$100,000 – again possibly 20 more years. The conversion from 50/100 to 100/300 also leads one to question the urgency of increasing the UM/UIM limits requirement, especially if it means higher premiums for at least one-fourth of the state's drivers<sup>8</sup> who will have to obtain more coverage.

Prior to the adoption of Act 28, when an at-fault insured driver in Wisconsin has liability limits that are lower than the UIM limits of the driver who is hit, the amount paid is the difference between the two limits. Application of the so-called “reducing” clause will now be prohibited and instead the payment will be the sum of the two limits. The anti-stacking provision will also be banned, enabling accident victims to combine their UM limits if they have two or three UM-insured vehicles (these vehicles do not even have to be the ones involved in the accident). Furthermore, drivers will be able to file injury claims resulting from “hit-and-run” accidents and will not need to show proof of the at-fault vehicle's existence. This scenario is apt to encourage more fraudulent claims, which is a growing problem. It should not be surprising that all of these new provisions will most likely result in greater reimbursement for accident victims.

Wisconsin's average liability premium of \$331 per year is the 6<sup>th</sup> lowest in the nation, a third lower than the national average of \$489.<sup>9</sup> Relative to median household incomes, drivers in this state currently pay one of the lowest amounts for auto insurance. The premium gap between Wisconsin and the norm may be reduced dramatically under AB-75, since costs are bound to increase due to the insurance mandates. These added costs may be particularly harmful to those consumers who are least able to afford insurance.

Despite having auto injury and vehicle damage losses that are not among the highest in the nation, Wisconsin will now have the highest combined minimum coverage requirements. During these times of economic hardship and high unemployment, it makes little sense to require drivers to buy more auto insurance coverage than what is really necessary. Under AB-75, they will no longer have the opportunity to decide for themselves whether lower liability limits are more appropriate, nor can they reject higher limits which they may not need. They will also not be able to choose a “non-stacked” or more cost-effective UM/UIM coverage option.

In conclusion, it is unfortunate that Wisconsin legislators have chosen to impose not only the nation's highest coverage requirements on their constituents, but they have also compounded the sticker shock of AB-75 by adopting a version of UM/UIM coverage (i.e., stacked without recovery setoffs) that is decidedly more costly and creates incentives for unwarranted litigation. It does not appear that the decision to tuck these insurance provisions into the budget bill was made with the people's financial welfare in mind.

*The Property Casualty Insurers Association of America (PCI) is a trade association consisting of more than 1,000 insurers of all sizes and types, and representing 37.4 percent of the nation's property/casualty business and 43.6 percent of the auto insurance market. In Wisconsin, PCI members comprise two thirds (65.6 percent) of the personal auto market.*

<sup>7</sup> National Association of Insurance Commissioners, *Auto Insurance Database*, 2005/2006, 2008 Edition.

<sup>8</sup> PCI based on data compiled by the Insurance Research Council, 2007 closed claims database.

<sup>9</sup> National Association of Insurance Commissioners, *Auto Insurance Database*, 2005/2006, 2008 Edition.



Property Casualty Insurers  
Association of America  
Shaping the Future of American Insurance

## At-A-Glance: Personal Auto Minimum Financial Responsibility Limits

Financial responsibility laws require that all automobile drivers show proof that they can pay damages up to a minimum amount if involved in an auto accident. The laws can be met by carrying a minimum amount of auto liability insurance. For example, personal auto insurance financial responsibility limits of 25/50/10 would mean coverage up to \$50,000 for all persons injured in an accident, subject to a limit of \$25,000 for one individual, and \$10,000 coverage for property damage. Minimum financial responsibility limits by state are shown below.

<b>10/20/10</b> Louisiana	<b>25/50/10</b> District of Columbia Indiana Kentucky Montana New Mexico New York Oregon Tennessee Vermont Washington	<b>30/60/10</b> Minnesota
<b>12.5/25/7.5</b> Ohio		<b>30/60/25</b> North Carolina
<b>15/30/5</b> California New Jersey Pennsylvania		<b>50/100/25</b> Alaska Maine Wisconsin
<b>15/30/10</b> Arizona Delaware Nevada	<b>25/50/15</b> Colorado Idaho Utah	
<b>20/40/5</b> Massachusetts	<b>25/50/20</b> Virginia Wyoming	
<b>20/40/10</b> Connecticut Hawaii Michigan West Virginia	<b>25/50/25</b> Alabama Arkansas Georgia Mississippi Nebraska North Dakota Oklahoma Rhode Island South Carolina South Dakota Texas	<b>Other States:</b>  <b>Florida:</b> Policy \$10,000 property damage or \$30,000 combined bodily injury and property damage  <b>New Hampshire:</b> Not a compulsory state
<b>20/40/15</b> Illinois Iowa Maryland		
<b>20/50/10</b> Kansas Missouri		

**At-A-Glance: Personal Auto Minimum Financial Responsibility Limits**

Financial responsibility laws require that all automobile drivers show proof that they can pay damages up to a minimum amount if involved in an auto accident. The laws can be met by carrying a minimum amount of auto liability insurance. For example, personal auto insurance financial responsibility limits of 25/50/10 would mean coverage up to \$50,000 for all persons injured in an accident, subject to a limit of \$25,000 for one individual, and \$10,000 coverage for property damage. Minimum financial responsibility limits by state are shown below.

<b>10/20/10</b> Louisiana	<b>25/50/10</b> District of Columbia Indiana Kentucky Montana New Mexico New York Oregon Tennessee Vermont Washington	<b>30/60/10</b> Minnesota
<b>12.5/25/7.5</b> Ohio		<b>30/60/25</b> North Carolina
<b>15/30/5</b> California New Jersey Pennsylvania		<b>50/100/25</b> Alaska Maine Wisconsin
<b>15/30/10</b> Arizona Delaware Nevada	<b>25/50/15</b> Colorado Idaho Utah	
<b>20/40/5</b> Massachusetts	<b>25/50/20</b> Virginia Wyoming	
<b>20/40/10</b> Connecticut Hawaii Michigan West Virginia	<b>25/50/25</b> Alabama Arkansas Georgia Mississippi Nebraska North Dakota Oklahoma Rhode Island South Carolina South Dakota Texas	<b>Other States:</b>  <b>Florida:</b> Policy \$10,000 property damage or \$30,000 combined bodily injury and property damage  <b>New Hampshire:</b> Not a compulsory state
<b>20/40/15</b> Illinois Iowa Maryland		
<b>20/50/10</b> Kansas Missouri		

This year, for the first time since minimum auto insurance coverage limits for liability were established in 1982, the Legislature raised the minimum coverage limits, made liability coverage a requirement of all drivers, and eliminated a number of deceptive practices to reduce or deny payments for claims. Citizen Action of Wisconsin, as one of the state's largest consumer advocacy groups, welcomed these bold changes.

AB 525, while retaining the new requirement that all drivers carry minimum liability coverage, would reinstate the inadequate minimum limits established more than 25 years ago and eliminate the new protections against denial of full payment for claims, as well as other new protections for consumers.

The minimum coverage limits for liability insurance policies established in 2009 should not be rescinded. These new limits appropriately reflect the rise in costs for health care and the average cost of an automobile since the limits were first established. Health insurance costs have increased over 400% since 1982, while the average cost of new car has more than doubled. Minimum liability coverage limits must be adequate to meet the real costs of medical care and property damage that consumers face when they are involved in an accident.

Consumers should get what they pay for. For example, AB 525 would allow insurance companies to return to the practice of reducing their payments to policy holders by subtracting the level of coverage held by another responsible party. This is unfair to consumers who are counting on getting the full benefits of the coverage they purchased. Additionally, if a consumer has purchased multiple insurance policies providing similar coverage, they should be entitled to the total amount of coverage they paid for, rather than the coverage of only one policy.

AB 525 would roll back new protections for consumers that are long overdue. On behalf of our nearly 80,000 members, Citizen Action of Wisconsin urges Representatives to vote against AB 525.

## MEMORANDUM

TO: Honorable Members of the Assembly Committee on Insurance

FROM: David Callender, Legislative Associate *De*

DATE: November 24, 2009

SUBJECT: Support for Assembly Bill 525, Repealing Changes in Insurance Language Enacted as Part of Act 29

The Wisconsin Counties Association (WCA) supports Assembly Bill 525, which would repeal many of the changes to Wisconsin's insurance laws that were enacted as part of the state budget bill, Act 28.

During the budget process, WCA opposed both increasing the mandatory minimum coverage requirements and raising the liability coverage for multiple vehicles insured under a single policy ("stacking").

In September 2009, members of the Wisconsin Counties Association annual conference adopted platform language that specifically opposed:

- Changing the definition of an underinsured motorist in ways that increase insurance claims;
- Requiring insurance companies to cover uninsured motorist insurance claims when no contact was made between the insured's car and another car, thereby increasing the risk of fraudulent claims;
- Allowing "stacking" of coverage for underinsured motorists such that the coverage limits for an accident are not limited to the policy relating to the particular vehicle involved in the accident; and
- Forcing excess or umbrella insurers to offer to cover certain claims when the coverage was not requested by the insured.

Although precise figures are not yet available, counties that insure their fleets under a single policy expect to see a significant increase in insurance costs due to the need for additional per-vehicle coverage.

Page  
WCA Memorandum  
November 24, 2009

Counties also expect to see an expansion of potential liability under the "stacking" provisions, given that a party injured by one vehicle would have access to all of the coverage limits of the other vehicles.

WCA favors repealing these provisions and supports AB 525. With the continued increase in demands for county services and declining state aids and property tax revenues, increasing costs for insurance will likely result in reductions to vital county services.

Please contact me if you need any additional information on these issues.



**Williams, Ritch**

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**From:** Kostelic, Luanne  
**Sent:** Monday, November 23, 2009 9:26 AM  
**To:** Williams, Ritch  
**Subject:** FW: AB525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

**Office of Rep. Bob Ziegelbauer**

**Staff:** Luanne Kostelic, Heather Schubert

**State Capitol:**

207-North, PO Box 8953; Madison, WI 53708-8953

Phone: (608) 266-0315 or Toll Free: 1-888-529-0025

Fax: (608) 282-3625 Website: <http://www.bobziegelbauer.com>

**In the District:**

1213 S. 8th Street, PO Box 325, Manitowoc, WI 54221-0325

Office: (920) 683-5107, Cell: (920) 323-7497

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**From:** Rep.Ziegelbauer  
**Sent:** Monday, November 23, 2009 8:13 AM  
**To:** Kostelic, Luanne  
**Subject:** FW: AB525

forward as requested to committee clerk?

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**From:** Williams, Ken [mailto:KWilliams@ruekert-mielke.com]  
**Sent:** Mon 11/23/2009 8:04 AM  
**To:** Rep.Ziegelbauer  
**Cc:** Sen.Leibham  
**Subject:** AB525

I am writing to you because you are a member of the State Assembly Committee on Insurance. I am asking you to support AB 525 and repeal of the auto insurance mandates approved as part of the 2009-11 state budget. The financial burden that these mandates place on Wisconsin families needs to be addressed. I have been told by my agent that my next auto insurance renewal will rise by over \$1,000 because of the mandates. I am unable to attend the upcoming hearing in person but I ask that my our communication be officially submitted as a part of the committee hearing record.

**Kenneth H. Williams, CPA**  
*Chief Financial Officer*  
Ruekert • Mielke  
W233 N2080 Ridgeview Parkway

11/24/2009

**Williams, Ritch**

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**From:** rtrider [rtrider@hughes.net]  
**Sent:** Monday, November 23, 2009 3:46 PM  
**To:** Williams, Ritch  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Ritch here are the comments from ABATE on AB 525. Please have these entered into the record of the hearing.

Thanks,  
Dave Dwyer

Statement for the record to the Assembly Committee on Insurance from ABATE of Wisconsin Inc. for the public hearing of AB 525.

We must start by apologizing for not being able to make this presentation in person so that any questions could be answered promptly. With this being the week of our "State Holiday" those of us who would normally attend this hearing are at work covering for all those out hunting deer and making our roadways safer.

ABATE supports the portions of this bill that roll back the minimum policy limits on Liability and Uninsured coverage. In these hard economic times it is difficult enough for many families to make ends meet. With all the new taxes and fees included in the State Budget, many families are going to be squeezed to the breaking point. As anyone who has ever shopped for insurance knows, as you increase the amount of coverage you purchase, the rate the insurance company charges increases in relation to the coverage limits of the policy.

The comments I have heard from some politicians that the increases in costs that Wisconsin residents are seeing is the sole fault of the insurance companies are disingenuous at best. The raising of the minimum coverage available in effect raises the total bill for anyone who maintained the prior minimum coverage. To help Wisconsin on the road to economic recovery the minimum levels of coverage should be rolled back to the limits in AB 525.

We feel that Underinsured coverage should be a required part of the vehicle insurance package and that the limits should be double of the Uninsured coverage. We ask the AB 525 be amended to make that change.

We do not agree with the portion of AB 525 that rolls the minimum coverage for medical payments back to \$1,000. Any injury that requires treatment will quickly exceed that amount. We feel that the \$10,000 level in current law should be maintained. We ask that AB 525 be amended to include coverage.

We do not agree with the removal of the new definition of coverage of damages from an unidentified motor vehicle and request that AB 525 be amended to remove the provision that restores the definition in the former law. This could have a huge impact on single vehicle motorcycle crashes that are caused by another vehicle that then leaves the scene.

**Williams, Ritch**

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**From:** Ann Stern [ann.stern.czzq@statefarm.com]  
**Sent:** Thursday, November 19, 2009 3:13 PM  
**To:** Rep.Cullen  
**Subject:** AB525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Representative Cullen,

I want you to know that I would be completely in favor of AB 525. While recent changes in insurance laws may have appeared at first glance to be a good thing for the people of Wisconsin, I can assure you they definitely are not.

The rates for auto insurance in the state of Wisconsin have been some of the lowest in the entire nation in fact they have been the 3<sup>rd</sup> lowest. With the changes that were slipped through in the budget bill, that will be changing. Mandatory insurance may look like a good idea, until you find out that only 5% of drivers in the state do not currently have insurance coverage. By making car insurance mandatory, then taking away insurance companies ability to properly rate for those drivers that have been driving without insurance, you end up driving up prices substantially for people who have been fiscally responsible and have had insurance all along. You will in fact be creating a larger problem because with premiums rising, more people will be unable to afford coverage. So you will have created a bureaucracy to deal with an issue we don't have and created the very problem you meant to fix. By having affordable coverage available to begin with, most people will do the right thing and carry insurance. In an economy where people are already struggling, why would you want to do something that would raise insurance premiums 25 to 50% above where they have been? There will be winners of course. The trial attorneys will thank you. Litigators have hit the jackpot with this legislation.

I know when you think of insurance you may think of large, uncaring corporations. But I'd like you to think about something. I am an insurance agent. I have been with the same company for almost 30 years. I am a business owner in my community where I employ 4 people. My husband and I have been very active in the Jaycees in our community and have volunteered countless hours of service making our community a better place to live. We donate our time and money to local organizations and schools to help make up for cutbacks in funding. But most of all, as an insurance professional, we help people to manage the risks of everyday life. Whether it be fixing their cars, or rebuilding their home, paying their medical bills, helping them save money for retirement, or allowing them the luxury of being able to grieve the loss of a loved one without worrying about where the next house payment will come from or how they will put food on the table now that the breadwinner is gone.

I'm proud of what I do for a living. I do a good job for people and give them the protection they need. Your government mandates are going to seriously undermine the ability of the ordinary family to afford protection and put them at risk. I know these provisions were not clearly understood and I am dismayed that our system allows things that are so vitally important to be hidden in something totally unrelated to that issue. I am sure that if you understand the facts you will realize that allowing

**Vick, Jason**

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**From:** Jerry Wille [jnjwille@tds.net]  
**Sent:** Friday, November 20, 2009 9:37 PM  
**To:** Rep.Honadel  
**Subject:** Assembly bill 525

This bill is badly needed. Wisconsin residents are already carrying an unreasonably high burden of taxes and high costs forced on us by state regulations (such as minimum markup). The new government mandates that have been passed this year will result in great increases in our car insurance, but will have no benefit to us. They will only benefit special interest groups, most of which have made significant campaign contributions. We do understand how the system works.

Gerald Wille  
8112 S Mona Ct  
Oak Creek, WI 53154

11/23/2009

**Vick, Jason**

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**From:** Kathy Petersen [KathyP@crbins.com]  
**Sent:** Friday, November 20, 2009 3:01 PM  
**To:** Rep.Honadel  
**Subject:** Hearing  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

I think the new insurance laws are going to make auto insurance too expensive for everyone - I am hearing it every day and the future is going to be alot worse once the insurance companies down the line have been able to access this over the coming months.

I also strongly believe if the legislation for rating auto insurance without zipe code factors passes it is the BIGGEST MISTAKE AND SO UNFAIR for ALL. What the new laws and furture laws will do is drive PEOPLE and BUSINESS s out of WI..

Kathy Petersen, Sales & Marketing  
CRB Insurance  
1400 Newman Road  
Racine, WI 53406  
(262) 884-6133 - direct  
1-800-445-9596 Ext. 133  
(262) 884-6161 - fax

Quote CRB Insurance online at [www.crbins.com](http://www.crbins.com) for all of your Insurance needs

Please note coverage cannot be bound, canceled or altered by email request. Be sure to speak with an agent.

11/23/2009

**Vick, Jason**

---

**From:** Jim Rohloff [jim@vikingwireless.com]  
**Sent:** Friday, November 20, 2009 4:08 PM  
**To:** Rep.Honadel  
**Subject:** AB-525  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

Rep Honadel:

I fully support the repeal of the insurance mandates. My wife and I have already been informed of a huge insurance cost increase. This is a direct of the recently passed gift to no one except the trial lawyers. It is time that the State of Wisconsin starts standing up for the working families and STOP taking more from our paychecks. This not only effects my wife and I as individuals, but is also a direct assault on business. I have no doubt that if these mandates are not repealed- it will cost lost jobs.

Thanks

Jim and Diane Rohloff  
8281 S. 20th Street  
PO Box 411  
Oak Creek, WI 53154

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" To remain REACTIVE keeps one a step behind, to become PROACTIVE moves one a step ahead"  
J.A.R.

---

**Jim Rohloff -- NY9T**  
**Viking Land Mobile Communications, Inc.**  
**1421 S. 62<sup>nd</sup> Street**  
**Milwaukee, WI 53214**  
**voice: 414.771.8960 fax: 414.771.8074**  
<http://www.vikingwireless.com>  
[jim@viking-communications.com](mailto:jim@viking-communications.com)  
[jim@vikingwireless.com](mailto:jim@vikingwireless.com)

11/23/2009

**Vick, Jason**

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**From:** Eric Wruck [eric@bwoinsurance.com]  
**Sent:** Friday, November 20, 2009 4:57 PM  
**To:** Rep.Honadel  
**Subject:** Mandatory Auto Insurance  
**Follow Up Flag:** Follow up  
**Flag Status:** Yellow

Dear Rep Honadel,

I am an Insurance agent here in Oak Creek, WI and we are not in favor of the latest tricks imposed by Gov Doyle. Statistically states with mandatory insurance coverage had a non-insured rate of drivers at approx 17%. In the State of Wisconsin, the non-insured rate is at approx 15%. While I see nothing wrong with mandatory automobile insurance, I do see a problem with the current limits imposed. Many of my clients struggle to pay for auto insurance at current state min limits of 25/50/10. I cannot see how we are going to get more insured drivers on the road when the average price increase is running approx 20% to comply with the new mandatory limits for many of these already responsible drivers.

One of my clients was paying \$405.00 every 6 months with Progressive with 25/50/25 limits and his rate increase due to the new state minimums was \$121.00 every 6 months. He is a 22 year old college student who can barely afford to buy Pizza let alone the extra burden of larger limits but he feels its his responsibility to buy and maintain an automobile insurance policy. A good citizen I'd say!!

Again, I am not against mandatory insurance, however I am for a modicum of clarity on this issue. Perhaps the Governor and his loyal Democratic acolytes could figure out a way to phase in mandatory limits over a say, 5 year period; give us mere mortals a chance to adjust our budgets.

The other issue that makes no sense is stacking of Un & Underinsured Motorist Coverage. This provision is going to create a nightmare of lawsuits and extra costs to the insurance buying public all so the Governor can feel good about taking care of the trail attorney's in this state.

I would love to be at the hearing however like most citizens of this state, I have to work and run a business so I ask you to take my thoughts with you to the hearing and let my elected leaders know we are paying attention. We feel the shenanigans the government plays on its citizens is a travesty and not worthy of any respect. Closed door budgets, special interest groups and the worst offense, no true representation of our issues.

I would like to thank your for your time and representation on this very important issue.

Sincerely,  
Eric Wruck  
BWO Ins Group, LLC  
2111 E Rawson Ave  
Oak Creek, WI 53154  
"Good people to know"  
414-501-1252

11/23/2009

**Vick, Jason**

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**From:** Paul Cales [paulcales@netstream.net]  
**Sent:** Monday, November 23, 2009 10:30 AM  
**To:** Rep.Honadel  
**Subject:** Assembly Bill 525  
**Importance:** High

Sir,

Assembly Bill 525

I will be unable to attend the public hearing of this bill on November 24<sup>th</sup>. I do however have input and hope to be read into the minutes of this hearing via this email response.

During this time, when our economy may be the worse of the past 40 years, when many of us, both I and my neighbors are dealing with layoffs and reductions in salary and work hours, we do not have the luxury to pay the penalties of the additional cost associated with the changes to coverage levels enacted in this bill. I strongly urge the assembly to repeal this bill and listen to the common sense of the voting public in Wisconsin. I have discussed this with many of my neighbors and work associates and I can find NO one who favors this severe affront to our common sense of fairness. The only ones who will truly benefit are those in the legal community. I realize that politicians covet the dollars that you will benefit from in your war chests from the contributions receive to support this special interest, but there comes a "thank you Jesus" moment when true fiscally responsible decisions must be made and it is high time for the voter's interest to be honored. This bill has absolutely no benefit for the common public and MUST be REPEALED!

Sincerely

Paul Cales  
1130 W Dover Drive  
Oak Creek, WI 53154  
414-570-9973

**Paul D. Cales**

[www.newsightlaser.net](http://www.newsightlaser.net)

NewSight VisionCare & Laser Centers

16620 W Bluemound Rd. Suite 400

Brookfield, WI 53005

(262) 641-8055 Fax (262) 789-9469

11/23/2009



**Williams, Ritch**

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**From:** Judy Kozlowski [judykoz@yahoo.com]  
**Sent:** Wednesday, November 18, 2009 2:59 PM  
**To:** Rep.Cullen  
**Subject:** Auto insurance  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Whos bright idea was it to make changes to the Autop Insurance policies that were passed into law????? And....to put such a thing in the state budget bill!! Also, why wasn't this debated on the open floor. All that I can see happening from this is, the consumer getting poorer and the lawyers getting richer. I think you know how I feel about this and most of my friends feel the same. You better think really hard about who you represent before you vote!!!

Judy kozlowski

**Williams, Ritch**

---

**From:** Gregg Gruselle [gruselleg@divdatasys.com]  
**Sent:** Wednesday, November 18, 2009 4:32 PM  
**To:** Rep.Cullen  
**Cc:** Rep.Montgomery  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Rep. Cullen,

I am unable to attend the hearing being held on AB 525 but wanted to let you know that it is an important step towards rolling back some of the recent onerous intrusions into the lives of Wisconsin citizens.

I have two children, 23 and 26, and the new limits imposed on insurance holders by the State budget have had a significant impact on them. I think it should be apparent that this is really a regressive measure that hits those earning the least the hardest.

At the same time we are legally mandating insurance be in place, we have also made it historically expensive. It is equally bad timing for this in that those dollars have to come out of discretionary spending at a time when the economic recovery is being starved for dollars. As legislators, we need you to focus on things that will put money back in the consumer's pocket so that the recovery can begin in earnest.

Please support AB 525 and repeal these components of Wisconsin Act 28.

Regards,

Gregg Gruselle  
606 Ridgeview Court  
Green Bay, WI 54301  
[gruselleg@divdatasys.com](mailto:gruselleg@divdatasys.com)

Phone: 920-497-9789 x102  
Mobile: 920-562-4896

**Williams, Ritch**

---

**From:** Mike Walston [mwalston@walstoninsurance.com]  
**Sent:** Thursday, November 19, 2009 2:41 PM  
**To:** Rep.Cullen  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Representative Cullen,

I am writing to register in favor of AB 525. I am unable to make the hearing but want you to know where I stand. We have already seen the increases to our policy holders and have had to host many calls of discontent as a result of it. Passing AB 525 would put sanity back into Wisconsin Auto Insurance premiums, and placing them back to some of the lowest in the country.

Sincerely,  
Michael Walston  
President  
Walston Insurance Associates, Inc.  
Kewaunee, WI.

11/24/2009

**Williams, Ritch**

---

**From:** Yvonne Bowe [YBowe@crwinsurance.com]  
**Sent:** Wednesday, November 18, 2009 4:12 PM  
**To:** Rep.Cullen  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Rep. Cullen,

I understand you are the Chairperson for the committee to review AB525.

I strongly urge you to support this bill on Tuesday.

I work for an insurance agency and I see first hand the increases in premium for my clients due to the recently approved insurance mandates.

Many policies are increasing over \$75 every six months, many are even higher!

Many people were struggling to afford their old rates, now they will see huge increases and I'm afraid we might see more uninsured motorists than we currently have.

I appreciate it if you support this bill.

Thank you!

**Yvonne Bowe, CISR**  
**CRW Insurance Services**  
**PO Box 155**  
**New Holstein, WI 53061**  
**ybowe@crwinsurance.com**  
**Fax 920-898-5734**

**Williams, Ritch**

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**From:** Miller, James G [JMILLER@amfam.com]  
**Sent:** Thursday, November 19, 2009 2:44 PM  
**To:** Rep.Cullen  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Rep. Cullen,

I want to register in favor of AB 525. Personally, I am in favor of mandatory liability insurance in our state of Wisconsin, but, I am totally against the mandated 100/300 UM and UIM limits and the mandated staking of these coverage's. Most auto insurance settlements are far below these mandated limits and the additional premiums paid for these higher limits put an additional burden on the people of this state. I hope to have your support in this.

Jim Miller  
124 N Main  
Waupaca, Wi 54981  
715-258-3820  
[jmiller@amfam.com](mailto:jmiller@amfam.com)

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11/24/2009

**Williams, Ritch**

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**From:** Owens, Theresa A [TOWEN4@amfam.com]  
**Sent:** Thursday, November 19, 2009 2:46 PM  
**To:** Rep.Cullen  
**Subject:** Assembly Bill 525 Repeal of Auto Insurance Provisions in the Budget  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Hello ~

I am contacting you regarding the upcoming assembly meeting on Tuesday. Since I will be unable to attend the hearing, I just wanted to contact you and register in favor of AB 525.

Regards,

*Theresa*

Theresa A. Owens Agency, Inc.  
A Policy to Do More!  
15856 W National Ave  
New Berlin, WI 53151-5163  
262-797-7900

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The impossible takes a while longer.  
Miracles are by appointment only." - US Army Special Forces***

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11/24/2009

**Williams, Ritch**

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**From:** Ted Haase [thaase@thinc.cc]  
**Sent:** Thursday, November 19, 2009 3:40 PM  
**To:** Rep.Cullen  
**Subject:** AB525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Rep. Cullen, I will not be able to make the Insurance Hearing next week but I want to be sure you know I am in favor of this bill.

Ted Haase

Home--1396 W casual Ct, Appleton, WI  
Business address,-- 114 S Main St Seymour, WI

11/24/2009

**Williams, Ritch**

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**From:** Mark Truyman [mtruyman@thinc.cc]  
**Sent:** Thursday, November 19, 2009 3:18 PM  
**To:** Rep.Cullen  
**Subject:** AB525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Rep. Cullen, I would like to register myself as being in favor of AB525, the bill to repeal many of the totally unnecessary insurance mandates in the June budget bill. I'm an agency principal in Seymour WI and this has caused much confusion and most importantly caused considerable rate increases for the Wisconsin insurance consumer. Wisconsin has always had a very favorable insurance climate but the recent mandates have changed that. The system was not broken and that should have been the main consideration of the legislators who voted for the bill and not to placate the trial attorneys. Please help to reverse these provisions for the sake of the consumer and to help keep and stable insurance environment in this great state.

Respectfully,  
Mark Truyman  
Seymour, WI.

11/24/2009



## Williams, Ritch

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**From:** Philip J Schmitz - Schmitz Insurance, LLC [phil@schmitzinsurance.com]  
**Sent:** Thursday, November 19, 2009 5:16 PM  
**To:** Rep.Cullen  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

I would like to register as being IN SUPPORT of bill AB 525 repealing the auto insurance provisions of the state budget.

As it stands they will result in more uninsured motorists because of the higher premiums.

They take away consumer choice.

For example, you have medical insurance already with a \$1,000 deductible. In that case \$1,000 medical is a perfect fit, but under the budget provisions that choice is gone and it's \$10,000 or NOTHING.



**Philip J Schmitz, CIC**

Schmitz Insurance, LLC

***Your friend in the insurance business!***

PO Box 98, Forestville WI 54213

Phone 920-473-4400 Fax 815-301-9066

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**Williams, Ritch**

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**From:** Tim Reindl [tim.reindl.b1c5@statefarm.com]  
**Sent:** Thursday, November 19, 2009 3:45 PM  
**To:** Rep.Cullen  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

I am in favor of Bill AB 525. I am not opposed to all parts of the bill included with the budget. I am not in favor of mandatory insurance as it was written as part of the budget. Logic tells me it will increase uninsured drivers not decrease their numbers. I am against the mandatory 10,000 med pay both as an auto coverage and as part of the umbrella. The need to have a written offer and rejection of certain coverages is a logistic nightmare and should not be a requirement. I believe the original bill should have been introduced and debated on its merits instead of including it as part of the Budget.

Sincerely

Tim Reindl

11/24/2009

## Williams, Ritch

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**From:** Scott Hansen [shansen@wojtains.com]  
**Sent:** Friday, November 20, 2009 7:26 AM  
**To:** Rep.Cullen  
**Subject:** AB 525

**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Representative Cullen,

I cannot attend the Assembly Committee on Insurance Hearing next Tuesday. However, I do want to express my professional opinion regarding AB 525 on the Repeal of Auto Insurance Provision in the Budget.

I 100% support AB 525 and want to register IN FAVOR of AB 525.

As an insurance agent in the state of Wisconsin, I have already seen firsthand the impact of the Auto Insurance Provision from the recent Budget.

It is absolutely causing increases in premium for individuals who cannot afford the additional premiums. I understand what provisions are being proposed by AB 525 and what is being kept in the Budget Provisions and completely agree with this bill.

Thank you for your efforts to get this repealed.

Scott Hansen  
Wojta-Hansen Insurance  
(920) 682-8858 phone  
(920) 682-8850 fax  
shansen@wojtains.com

**Williams, Ritch**

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**From:** Trey Neher [tneher@tpgins.com]  
**Sent:** Friday, November 20, 2009 11:49 AM  
**To:** Rep.Cullen  
**Subject:** Registering in Favor of AB 525.  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Representative Cullen,

Unfortunately, I will not be able to attend the public hearing next Tuesday in Madison but would like to strongly register my support in favor of AB 525. I find it unbelievable that insurance legislation with such a huge impact to our customers and the whole state population could be rammed through as part of the budget package. I find it equally unbelievable that the Assembly Majority Leader could respond to an inquiry concerning increased automobile rates with comments that couldn't be further from the truth. His response in bold letters stated "Quite simply, any premium increases are due to business decisions of the insurance providers rather than any action taken by the Legislature". As you are aware, the increases are a direct result of the action taken by the Legislature. If the insurance companies exposure is tripled as the mandatory stacking of limits provides, of course the company actuaries have to recommend premium hikes to cover that increase in exposure.

The Democrats (except for a few who were brave enough to voice their opposition) and Doyle are single handedly destroying the competitive, low cost insurance environment that we have all benefited from over the past decades. They should at least have the backbone to admit what they are doing and why they are doing it. Respectfully submitted,  
Trey Neher

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**Williams, Ritch**

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**From:** Tech Insurance [techins@sbcglobal.net]  
**Sent:** Friday, November 20, 2009 3:13 PM  
**To:** Rep.Cullen  
**Subject:** AB 525  
**Importance:** High  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

I want to register **in favor of AB 525!!!!!!** Please do so on my behalf.  
New London, WI 54961

Marsha Davis, 304 W Cook St,

11/24/2009

**Williams, Ritch**

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**From:** Williams, Ken [KWilliams@ruekert-mielke.com]  
**Sent:** Monday, November 23, 2009 8:01 AM  
**To:** Rep.Cullen  
**Cc:** Rep.Leibham@legis.wisconsin.gov  
**Subject:** AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

I am writing to you because you are a member of the State Assembly Committee on Insurance. I am asking you to support AB 525 and repeal of the auto insurance mandates approved as part of the 2009-11 state budget. The financial burden that these mandates place on Wisconsin families needs to be addressed. I have been told by my agent that my next auto insurance renewal will rise by over \$1,000 because of the mandates. I am unable to attend the upcoming hearing in person but I ask that my our communication be officially submitted as a part of the committee hearing record.

**Kenneth H. Williams, CPA***Chief Financial Officer*

Ruekert • Mielke  
W233 N2080 Ridgeview Parkway  
Waukesha, WI 53188  
(262) 542-5733  
(262) 542-5631 Fax  
[kwilliams@ruekert-mielke.com](mailto:kwilliams@ruekert-mielke.com)

[www.ruekert-mielke.com](http://www.ruekert-mielke.com)

**Williams, Ritch**

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**From:** Vida Schneider [VSchneider@crwinsurance.com]  
**Sent:** Monday, November 23, 2009 4:08 PM  
**To:** Rep.Cullen; Rep.Molepske; Rep.Ziegelbauer; Rep.Parisi; Rep.Berceau; Rep.Hebl;  
Rep.Vos; Rep.Roth; Sen.Leibham; Rep.Nygren; Rep.Kramer  
**Subject:** [Possible SPAM] Auto Insurance hearing  
**Importance:** Low  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

I am writing you today because I will not be able to attend the meeting tomorrow. We are an independent insurance agency with about 1500 insureds and I am writing on behalf of our clients and myself as well.

We are seeing increases to insured's auto policies that are on an average of \$228 a year. On just five examples the increases ranged from \$124 a year to \$268 a year. With the way the economy is right now and so many people laid off this is just unacceptable. We went from being one of the lowest premium states to one of the highest. Insurance companies have been forced to raise premiums to compensate for having to pay out 3 times as much as they would have before.

It seems the people with lower limits that are trying to be responsible and carry insurance and the higher end insured's who have uninsured and underinsured motorist coverage on their umbrellas are being hit the most. I have seen premiums on an umbrella go up \$300-\$700. Everyone is opting out of having UM/UIM now.

I have no problem with mandatory insurance or even raising the minimum limits. What really pushed the premiums over the limit was allowing stacking on the medical, uninsured and underinsured motorist coverages.

I hope that you will be able to get this bill repealed at least in part so auto insurance is more affordable again.

Thank you for all your efforts.

*Vida Schneider  
Personal Risk Manager  
CRW Insurance and Financial Services  
1411 Milwaukee Drive  
New Holstein, WI 53061  
920-898-5731 or 1-800-657-0752  
920-898-5734 Fax  
vschneider@crwinsurance.com*

## Williams, Ritch

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**From:** Enger Jill [Jill.Enger@us.qbe.com]  
**Sent:** Monday, November 23, 2009 9:10 AM  
**To:** Rep.Cullen  
**Subject:** Register in favor of AB 525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear David Cullen,  
I would like to register in favor of the Assembly Bill 525.  
Thank you,

Jill Enger  
P/L Field Manager-General Casualty Insurance Company.

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## Williams, Ritch

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**From:** Nichole Yunk [NYunk@justice-2000.org]  
**Sent:** Wednesday, November 18, 2009 3:32 PM  
**To:** Williams, Ritch  
**Cc:** Banaszynski, Matt  
**Subject:** Support for AB-525  
**Follow Up Flag:** Follow up  
**Flag Status:** Blue

Dear Ritch,

Please register me in support of AB-525 on behalf of the Center for Driver's License Recovery and Employability at the meeting next Tuesday, November 24, 2009, as I cannot be there in person.

Should you have any questions, please do not hesitate to contact me.

Best,  
Nichole

Nichole L. Yunk  
Director, Center for Driver's License Recovery & Employability  
414.297.7235 office  
414.297.8473 fax  
[nyunk@justice-2000.org](mailto:nyunk@justice-2000.org)  
700 West State Street  
Foundation Hall, Floor 8  
Milwaukee, WI 53233



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